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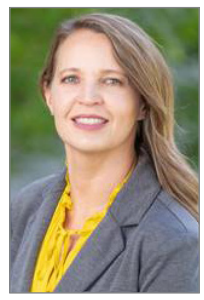
November 2026

MULTIFAMILY PROPERTIES Quarterly

Prepare projects for next MF construction cycle

As the next multifamily cycle comes into view, developers are managing two clocks. The market clock determines when rents, capital and supply support a project start. The approval clock determines whether the project can reach that point. The next cycle will reward projects that fit the market they will enter and can move when capital arrives. A better market will not automatically make every project ready to build.

Multifamily projects are approaching the next cycle at two different stages: Some are still working through entitlement and approvals, and others are approved but waiting for the deal to pencil. They should not be managed the same way.



Megan Boyd
Project executive, Martin-Harris Construction

■ **Two stages, two objectives.**

• Projects without approvals: Preserve flexibility.

• Projects already approved: Preserve readiness.

They are often the same project at different points in its life. A project that preserves options during permitting and entitlement may later sit approved while capital catches up. The overall goal is the same: Keep the project adaptable and startable, without losing cost credibility or unnecessarily restarting preconstruction.

■ **Before approval: Preserve flexibility.** For projects in review and entitlement, the objective is option preservation. Entitlement schedule risk has replaced construction schedule risk. While a project moves through entitlement, rents change, financing resets, codes advance, utility constraints increase and construction costs move unevenly.

The goal is to separate what must be decided now from what can remain flexible. Before approval locks in the project, ask:

• What must be fixed to secure the approval?

• What can change later without sending the project back through review?

• Which decisions could materially change the pro forma?

Parking is a good example. A ratio used to satisfy a jurisdiction, lender or market study can determine the garage size, structural system and number of revenue-producing units. Two years later, resident behavior, financing requirements or construction costs may change, but the approved building design cannot easily respond. The same is true of ground-floor retail, large amenity spaces and highly specific unit mixes.

At this stage, the GC should test decisions that are hard to unwind:

• Parking efficiency and structural grids.

• Skin-to-floor ratios and unit repetition.

• Major MEP systems and utility strategy.

• Phasing, access and site logistics.

Identifying a lasting cost or schedule problem does not require complete drawings. Early GC input should focus on the few decisions that mater, not a long list of value-engineered finishes.

■ **After approval: Preserve readiness.** Denver's recent extension of site development plan validity shows how large the approved but unstarted group is. The city estimates that approximately 23,000 units across 156 approved plans received more time to obtain permits and begin construction.

This shadow pipeline is real enough to matter, but it is not a delivery forecast. The projects still have to compete for debt, equity, utility capacity, permits and labor. Their approvals have been preserved. Their economics and construction pricing have not.

Most approved projects have largely set programming and design, leaving little room for flexibility. Their objective is to regain start readiness without restarting preconstruction every six months.

■ **Refresh the cost without exhausting the market.** Subcontractor pric-

Please see Boyd, Page 22

TWO STAGES, TWO OBJECTIVES

Preparing projects for the next cycle

Often the same project at different points in its life. What preconstruction should do changes as it matures.

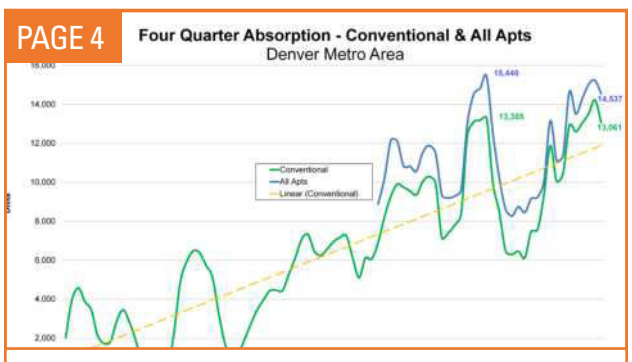
IN ENTITLEMENT / APPROVALS	APPROVED, WAITING TO PENCIL	CREDIBLE START
BEFORE APPROVAL	AFTER APPROVAL	FINANCING IN VIEW
Preserve flexibility	**Preserve readiness**	**Go to market**
Separate what approval requires from what can change later without new review.	Keep cost credible without restarting preconstruction every six months.	Release the full subcontractor RFP. By now the GC should already know:
Price early what is hard to unwind	**Run a focused cost refresh, not a rebid**	■ Which bid packages move first ■ What still needs market validation ■ What could delay closing
■ Parking efficiency and structural grid ■ Skin-to-floor ratio and unit repetition ■ Major MEP systems and utility strategy ■ Phasing, access and site logistics	■ Reconcile documents to the last estimate ■ Re-test unit mix against today's demand ■ Flag code, utility and scope changes ■ Benchmark against current buyouts ■ Validate only high-risk scopes with trades	*Pricing should confirm the path to construction, not decide whether one exists.*
Watch for: a parking ratio, retail space or unit mix the market won't want in two years.	**Watch for:** repeated rebids with no credible start wear out the trade partners you'll need.	

MARTIN-HARRIS CONSTRUCTION

Flexibility before approval. Readiness after it. Good preconstruction connects the two.

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Absorbing product

One aspect: Ownership barriers keep would-be buyers in rental housing longer

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Design principles

Early planning decisions support lease-up, encourage retention, preserve property value

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Affordable housing

Modular housing takes joins the expanding menu of options for affordability

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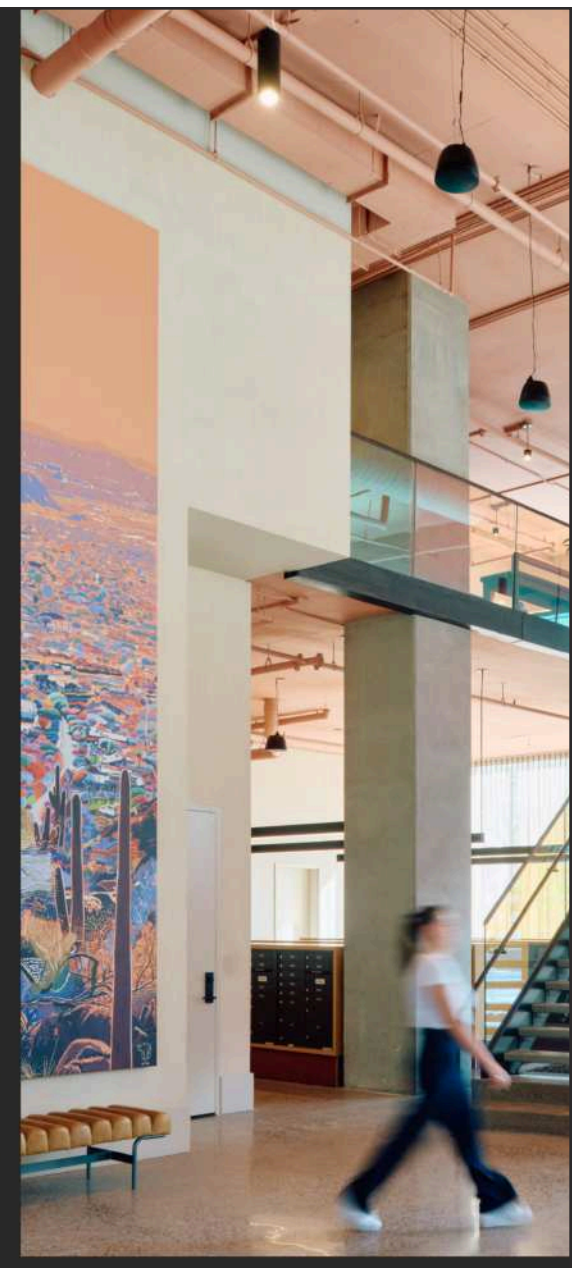


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Who's behind Denver's apartment absorption?

Many of us in Denver are using absorption as a benchmark for market recovery. And it's understandable why, as we continue to see positive figures. Apartment Insights' Q3 report for Denver-area properties with 50 or more units recorded 3,800 units of conventional absorption, down from 6,760 in second quarter and 23.4% below third quarter last year. The trailing 12-month conventional total reached 13,061, up 3.7% year over year.

Many of us are also tracking concessions, as they continue to drive our absorption figures. Average concessions rose $12 during the quarter to $187 per month, or 10.3% of gross rent, equal to about five weeks free. Average net rent was $1,626, down 6.2% year over year, while gross rent was $1,813, down 1.5%. Stabilized conventional vacancy edged up to 6.34%, but overall conventional vacancy, including lease-up properties, fell to 8.8%, down 67 basis points from Q2. Vacant lease-up units declined 18.5%, from 11,143 to 9,080, according to Apartment Insights.

So, who's behind the absorption demand? Current national research suggests Denver's absorption is being fed by three overlapping forces: primarily the combination of deal-chasing renters moving properties and new rental households entering the market, while would-be buyers being priced out and staying put longer helps retain the growth.

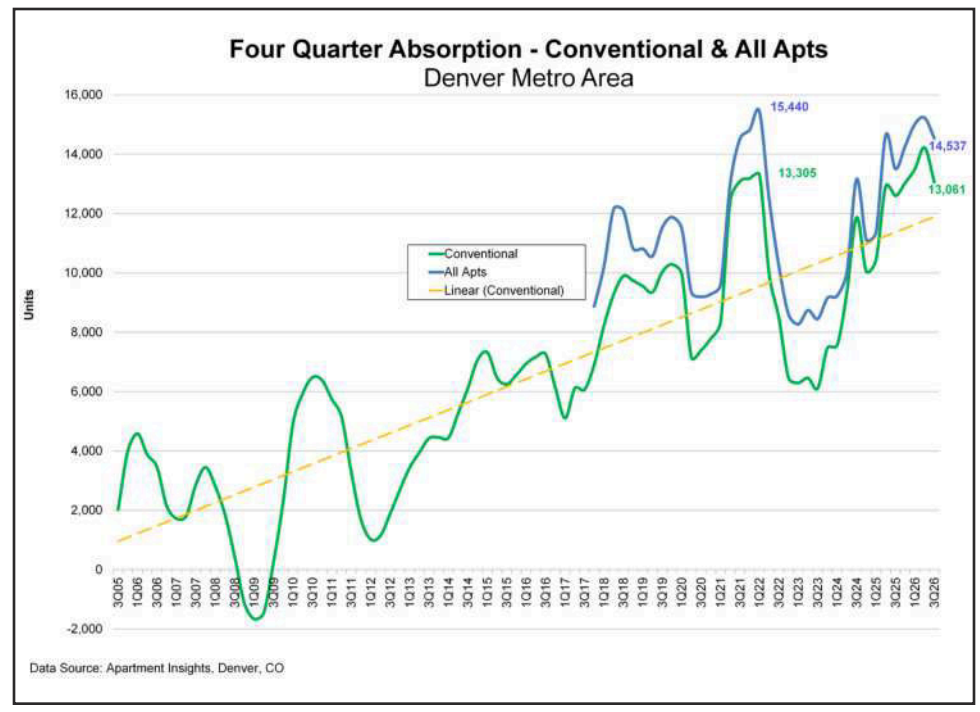
The first group is clearly active. Buildium's 2026 survey of 1,500 renters found that 28% plan to move between mid-2026 and mid-2027, up from 18% in its prior survey. Among those planning to move, 32% cited lower rent or better value, 20% planned to purchase a home and 15% cited a household change. These are intentions rather than completed leases, but they show current renters actively comparing housing options with value as a major reason.



Kenny Clarke
Senior associate, investment sales, Northmarq

Absorption can't be reduced to just renter reshuffling. Nationally, the number of households occupying apartments continued to grow. Harvard's Joint Center for Housing Studies reported an annual net increase of 353,000 in the first quarter. That growth reflects several possible sources of demand, including newly formed households, migration, shifts from homeownership and renters remaining in apartments longer. For younger or more cost-sensitive renters, several weeks free can lower the cost of establishing a household, like moving out from their parents' house or moving into their own studio or one-bedroom and leaving the roommates behind.

Would-be homebuyers are also staying in the renter pool longer. In the Federal Reserve Bank of New York's 2026 Housing Survey, 68.5% of renters said obtaining a mortgage would be somewhat or very difficult, and they placed their average probability of ever owning at only 34.7%. Zillow's September 2026 rental-demand index rose 19.2% year over year, including 10.1% for multifamily, as the typical new buyer's monthly payment reached $3,037, compared with typical rent of $1,932.



The latest available American Community Survey one-year estimates help describe the local pool. In 2024, the Denver-Aurora-Centennial metro area had approximately 457,400 renter households. About 66% were headed by someone under 45, including 37% headed by someone 25 to 34. Younger renters move more frequently and are more likely to form households, change jobs, add or lose roommates and move between communities.

Denver's renters also span a broad income range. Median renter household income was approximately $72,500 in 2024, while about 34% of renter households earned at least $100,000. Nearly 16% earned $150,000 or more. Those figures predate Denver's most recent surge in concessions but still provide the most recent available Census description of the metro area's renter base. By the time this article is published, the 2025 ACS one-year estimates will be available.

Taken together, the data points to a mixed but identifiable demand pool. Existing renters are moving in search of better value, size or amenities. New rental households are still being formed, and ownership barriers are keeping would-be buyers in rental housing longer. Denver's income distribution also shows that many households have enough income to

Please see Clarke, Page 22

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Denver MF: Quiet momentum in a noisy market

Nearly every capital conversation we have starts in the same place: We believe in Denver long term, but it is difficult to convince our investment committee to make a sizeable bet today. Two quarters ago we argued the market had reset and that disciplined capital would be rewarded for looking past the noise. Third-quarter data continue to support that view. The opportunity to be a buyer of Colorado multifamily in today's market conditions presents a compelling combination of basis and strong relative stabilized yield. To state the obvious, the recent rise in the all-in cost of debt has added further noise to a market that has certainly faced challenges but continues to trend toward positive trajectory from a pure market fundamentals perspective.

■ **Why Colorado today?** Across the Front Range, 51.8% of adults hold a bachelor's degree or higher and 10-year job growth of 13.2% runs about 1.7x the national rate, spread across a diversified employment base rather than a single sector: professional and technical services, health care, a $90 billion-plus technology industry representing about 20% of state gross domestic product, and the nation's second-largest state aerospace economy with more than 500 companies and more than 55,000 direct jobs. Highly educated, high-earning individuals and a substantial continued rent vs. own gap will continue to fuel absorption and firm up market fundamentals across the Front Range.

■ **Public and private investment within Denver's core.** A healthy combination of both public and private investment continues to support the long-term demand story more localized to Denver. Burnham Yard, the Denver Broncos' planned $4 billion-plus privately financed stadium district, targets 2031. Santa Fe Yards adds a $300 million-plus stadium for the NWSL's Denver Summit FC by 2028. The National Western Center expansion was approved at $812 million, and River Mile will reshape 62 acres along the South Platte with 15 million square feet of mixed-use development. Downtown, a $570 million tax-increment fund runs through 2038, and CU Denver's purchase of Independence Plaza should bring 3,000 to 5,000 students and faculty into the urban core. Continued investment within Denver's core will prime the pump for continued strong absorption as new multifamily development in the CBD remains challenged.



Seth Gallman
Director, multifamily sales, JLL Capital Markets

■ **Renting for longer continues.** Denver's median single-family home price of $668,300 ranks 23rd among the 237 largest U.S. metro areas and sits around 54% above the national median, up from just about 13% above in 2005. At a 6.5% or so 30-year mortgage rate, owning nationally costs about 40% more than renting against a long-term average of about 30%; within the Denver MSA, the premium to own versus rent is about 2.62x on average. This widening gap keeps would-be buyers renting longer, supporting strong absorption and continuing to rebalance the supply-demand equation.

■ **Third-quarter data shows a positive trajectory with continued supply dropoff backdrop.** Denver's metropolitan statistical area gross rent rose $13 (0.7%) quarter over quarter to $1,813 per unit, or $2.08 per sf. Year-over-year gross rent growth improved from -3% in the second quarter to -1.5% in the third quarter, and net rent growth (gross rent less concessions) from -8% to -6.2%, which reflects the third consecutive quarter of less-negative annual rent growth.

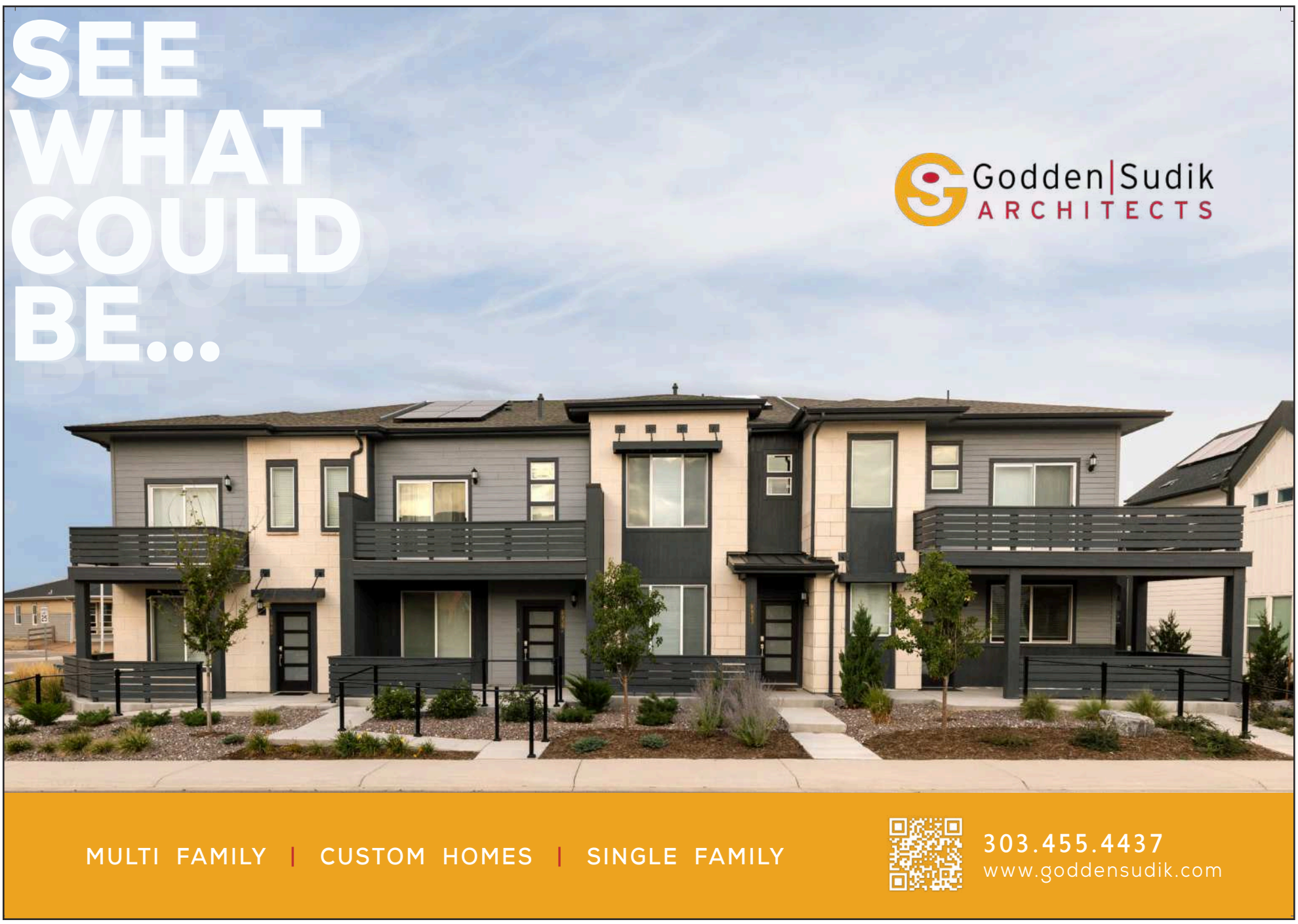
Trailing 12-month absorption of 13,061 units sits around 3.7% above the same period a year ago. Conventional vacancy, which includes lease-up product, fell 67 basis points quarter over quarter to 8.8%, the lowest level since the third quarter of 2023. The development pipeline (under construction plus planning) has contracted around 47% from its 120,000-unit peak in fourth-quarter 2022 to around 64,000 units as of the second quarter (Apartment Insights). Strong absorption figures, coupled with a contracting supply pipeline, will continue to promote the "less negative" momentum, which will eventually lead to true positive fundamental growth.

■ **Current transaction landscape.** Multifamily transaction volume across Colorado remains extremely muted as we head into the fourth quarter. Today, the Denver metro area is still shy of $1 billion of closed multifamily sales volume year to date, on pace for the lowest trade volume since 2010. In the first half of the year, deals were difficult, primarily due to struggling property operations and the scrutinized underwriting environment we saw from active buyers. The sentiment from capital is not redlining Denver or Colorado but taking a much more calculated approach where haves and have-nots are much more pronounced. As fundamentals continued to thaw, we expected transaction activity to pick up in the third and fourth quarter, prior to the rapid increase in Treasury yields (10-year U.S. Treasury: July 1 about 4.5% vs. about 5% on Oct. 22). The elevated rate environment has added headwinds to getting deals done today. One theme to continue to monitor is that with higher rates altering refinance proceeds relative to 30-45 days ago, seller capitulation may help close some of the bid-ask spread we saw in the first half of the year.

Overall, the Denver multifamily market continues to chop through absorbing new inventory, and we are slowly starting to see a rebalance of the supply-demand equation with vacancies tightening and a continued "less negative" trend. As we continue to digest how the market is perceiving the elevated rate environment, we will continue to arm you with data and transparency.

**Sources: Colorado Apartment Insights, 3Q 2026; Apartment Appraisers & Consultants; JLL Research; JLL internal transaction data; ESRI; Oxford Economics; MLS data and NAR 2025 Profile of Home Buyers and Sellers.* ▲

Seth.Gallman@jll.com







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Denver multifamily NOIs are heading up next year

My early forecast for Denver multifamily in 2027 comes down to improved operations. Net operating income will go up next year, but not because top-line rents will rise. The first reason: Insurance and property taxes, two of the largest expenses on any operating statement, are finally moving down. Second: Economic vacancy is tightening as concessions burn off and positive absorption continues. With the 10-year Treasury settling in around 5% for now, 2027 looks like the first year since the peak where owners can grow income without rising rents. Here is the case for each piece.

Expenses should be the main driver of next year's NOI bump. For the first time in many years, two of the largest line items on a Denver operating statement are moving down at a moderate pace. Insurance premiums, which climbed sharply after carriers repriced Colorado risk, are leveling off, and, as new carriers arrive, pricing on new insurance policies has softened as there is now a greater insurance appetite for the market than we've seen in recent years. Owners should not automatically renew their insurance policies, which often still carry increases or simply roll forward pricing set at the top of the cycle. Instead of leaving money on the table, we help our clients shop for potential replacement carriers based on the specific asset in question, and, in many cases this year, we have helped them save 20% on their annual premium. It is a free service we provide to owners, and it will be one of the fastest ways to move NOI in 2027.



Josh Newell
Owner/principal, Pinnacle Real Estate Advisors

In addition to insurance savings, property taxes should also ease as the 2027 reassessment will capture values well below the last cycle's peak. Those who have never protested their property taxes need to learn how because the savings matter more than most realize. At today's cap rates, every $1,000 saved in property taxes and/or insurance equates to roughly $15,000 in property value. Notices of valuation arrive in May and the protest window closes in early June, so the time to prepare is now. A protest supported by your actual rent roll, trailing operating statements and recent sales comparables frequently produces a reduction below the county's initial valuation.

After a stretch of negative effective rent growth across much of the metro area, talk of stabilization is a real change in direction. Though lease-up properties are still competing for the same renters and wage growth is not strong enough to support rent increases, concessions are beginning to dry up. One to three months' free on new leases and renewals was standard in many apartment properties over the last 18 months in metro Denver. Today those offers are shrinking or disappearing as new deliveries stabilize and fewer projects break ground behind them. Burning off concessions is the step that comes before effective rents move.

> For the first time in many years, two of the largest line items on a Denver operating statement are moving down at a moderate pace: insurance premiums and property taxes.

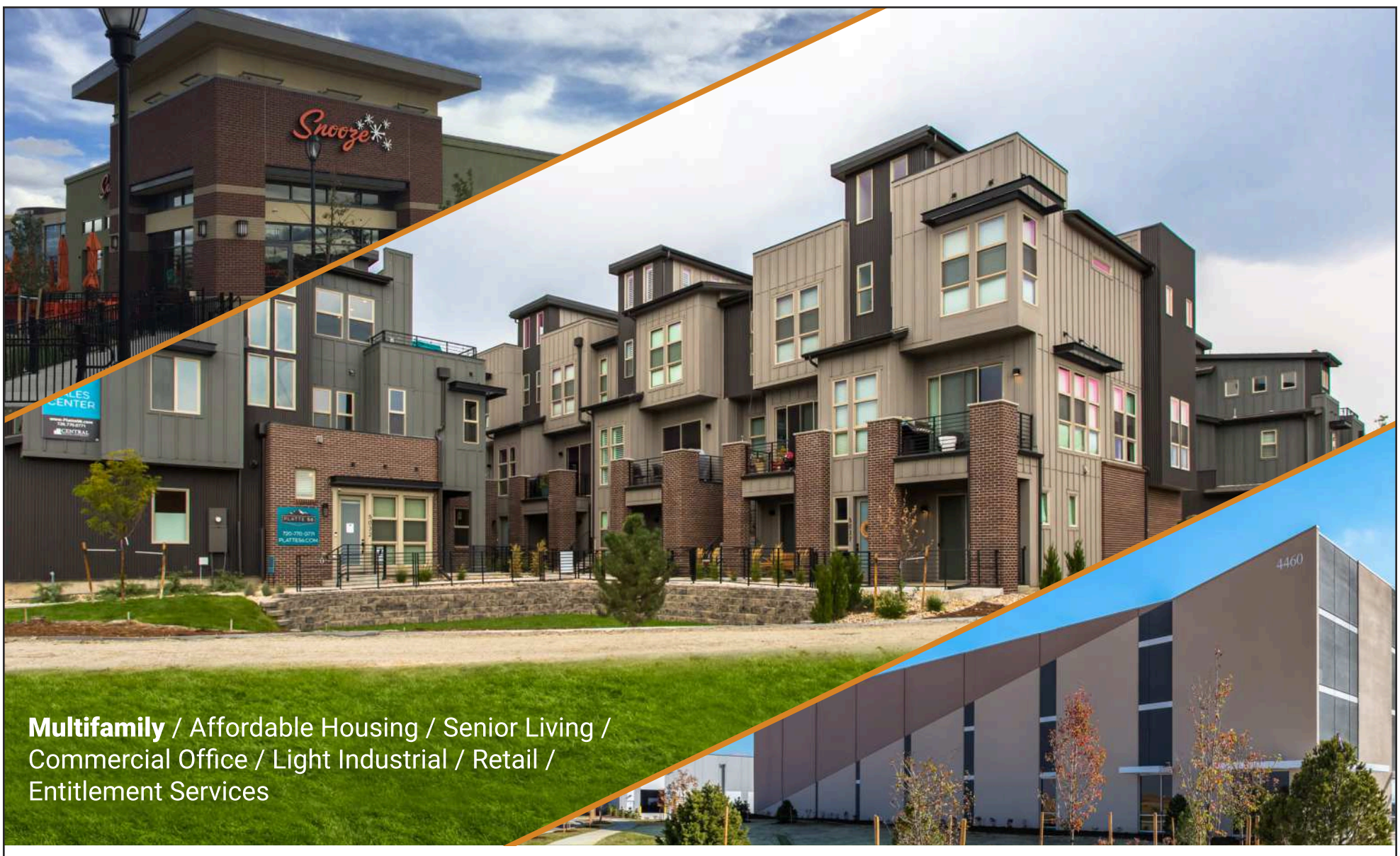
The news everyone has been talking about this summer and fall is our strong absorption data. The metro area absorbed a record 6,760 units in the second quarter of 2026, overall vacancy fell below 10% for the first time since late 2023 and the construction pipeline is down roughly 65% from its peak. Demand is finally catching up to supply, and that supply is not being replaced.

Together, these trends lower economic vacancy, another lever behind higher NOIs in 2027. Economic vacancy captures everything between potential rent and collected rent: physical vacancy, concessions, loss to lease and bad debt. As occupancy firms up and concessions burn off, more of each property's potential income actually reaches the bank account. Even with flat asking rents, effective income rises.

A major headwind is that cap rates are drifting higher. The 10-year Treasury is settling in around 5% for now, but there is no guarantee it stays there as rates could certainly rise over the next year. Buyers need going-in yields that make sense against their cost of capital, and some sellers are still anchored to pricing from years past. Barring a material decrease in the cost of capital, I expect cap rates to keep expanding modestly into 2027 in order to create buyer demand. That keeps assumable debt at a below-market rate among the most valuable things a seller can bring to the table.

Put it all together and my 2027 forecast is lower operating expenses, tighter economic vacancy and rising NOIs across most of metro Denver, alongside cap rates that will continue pushing north. Owners who rebid insurance, protest their taxes and manage concessions and vacancy closely will capture most of that NOI growth. The question is whether rising NOIs are enough to offset cap rate expansion so that values hold. Either way, 2027 rewards owners who manage the expense side well. ▲

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Financing Sources Matrix

TYPE OF CAPITAL	SOURCE OF CAPITAL	EXPLANATION	RATES / SPREADS	LTV / COVERAGE	TERM	AMORT.	FOCUS	TRENDS
LIFE INSURANCE COMPANY	• Insurance premiums • Annuity and GIC sales	• Non-Recourse • Longer-term fixed rate loan • No structure	120-190 bps over the comparable US Treasuries	• Up to 65% LTV, majority of lenders quoting in the 55%-60% LTV range	3-30 Years	Interest Only to 30 Years depending on leverage.	• Market rate properties in major metro areas • B quality properties and above	• Debt service coverage ratio is more important and can limit leverage, sizing to minimum 1.20x DSCR on 30-yr amortization for core deals. • Life companies active in pre-stabilized multifamily with some loan structure (funding at 1.0x DSCR interest only) • 90 Day forward rate lock capability and step down prepayment options • Life companies can underwrite commercial income for ground floor retail or mixed-use components. • Life companies can underwrite with a "forward-looking" approach.
AGENCY	• Sales of mortgage-backed securities with implied government guaranty	• Non-Recourse • Longer-term fixed rate loan	110-180 bps over the comparable US Treasuries	• Up to 65% LTV • 1.25x Minimum DSCR	5-10 Years	Interest Only to 30 Years	• Market Rate • Age-Restricted • Affordable/ Workforce • Major metro areas • Secondary/ Tertiary Markets • C quality properties and above	• Tighter spreads available for deals with an affordable component • 1.25% - 2.00% upfront rate buydown fee can reduce spread by 25 - 40 bps, Borrowers utilizing rate buy downs to increase proceeds • Additional waivers available for exceptions to underwriting parameters, including using a 35-year amortization for sizing and increasing leverage up to 70% LTV. • Prepayment flexibility rather expensive, 30-40 bps rate add on for flexibility after Year 3 (on a 5 Year loan) • Pre-stabilization deals available at 75%+ occupancy.
CONDUIT (CMBS)	• Sales of mortgage-backed securities through public markets	• Non-Recourse • Longer-term fixed rate loan	165 - 225 bps over US Treasuries	• Up to 70% LTV • 1.25x Minimum DSCR • 8.5% Minimum Debt Yield	5, 7 & 10 Years	Interest Only	• Market Rate • Second tier properties • Secondary/ Tertiary Markets • C quality properties and above	• Securitization market coming back into play and being competitive, more liquidity for B piece buyers • Full-term I/O is the most common structure • Originating a lot of 5-year business, demand in the securitization market has allowed for this • Most competitive at higher leverage in secondary and tertiary markets • Focused on debt yield as an important metric
BANK	• Corporate Debt • Deposits	• Recourse level varies depending on deal • Shorter-term fixed and floating rate loans	Interest rates range between 6.50% - 7.25%	• Up to 65%-70% LTC for term loans and 50%-60% LTC for construction loans	3-5 Years	Interest Only to 30 Years	• Market Rate • Age-Restricted • Affordable/ Workforce • Major metro areas • Secondary/ Tertiary Markets • C quality properties and above	• Lenders more conservative on underwriting un-trended rents and / or minimal rent growth given large amount of supply coming online • Loan Covenants being more heavily negotiated as multifamily properties face some headwinds • Banks offer more flexible prepayment options (stepdown prepay) • Sizing to a 1.0x+ as-is and 1.25x+ as-stabilized
DEBT FUND	• Private Capital • Institutional Capital	• Non-Recourse • Shorter term bridge loans for acquisition and/ or repositioning	SOFR + 200 - 350 bps	• 60-70% LTC • 8.00% minimum untrended Debt Yield	1-5 Years (3+1+1)	Interest Only	• Market Rate • Secondary/ Tertiary Markets • C quality properties and above	• Lenders sizing to agency take out; will build in interest reserve to service debt • Underwriting lower rent growth for transitional assets • Lenders have increased their minimum debt yield requirements by +/- 50 bps over the past 30-45 days due to the run up in interest rates • Lender fees are typically 0.50%-1.00% upfront, 0.50% at exit

DSCR - Debt Service Coverage Ratio

LTV - Loan to Value Ratio
LTC - Loan to Cost Ratio

SOFR - Secured Overnight Financing Rate

This information is intended to illustrate some of the lending options currently available. Other options may exist. While Essex strives to present this information as accurately as possible, no guarantee is made as to the accuracy of the data presented, or the availability of the terms at time of application. Rates and terms are subject to change. Please contact one of our mortgage bankers for up to date rate and term information.

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Denver's apartment hangover is almost over

Did you miss it? Denver renters absorbed nearly 14,000 apartment units over the past year, the most CoStar has ever recorded for the market. Vacancy has dropped from 12.4% to 9.9% in less than a year, and for the first time in five years, demand is on pace to outrun new supply. Promising, right? It's the kind of news that is easily missed when the national narrative on Denver is that its best days are behind us.

To be fair, that narrative has merit. For more than a decade, Denver multifamily enjoyed a long party, fueled by cheap debt, rent growth and a seemingly insatiable appetite for any building in the city with a few bedrooms and a roof. But like every party, it had to end, and a party that big and that fun had to come with a large bill and a painful hangover. It has. Rents are still down year over year, and concessions are everywhere, with roughly half of Denver apartments offering some form of incentive.

I'm a multifamily broker, so when I read that sales volume is running at less than half its pre-pandemic average, and that prices are down roughly 17% from their peak (and up to 50% depending on the metric), I get it. In fact, I'm living it. Not only is volume down, but the deals that do close are a slog. We aren't charging to the closing table so much as we are limping to it. We congratulate our sellers at the same time we console them. We lick our wounds together.

But while investors tell us they are packing up and looking for opportunities in other states or putting their capital into the stock market, something is happening here in Denver. I'm not denying the mess that is our market. But I can see the green shoots of change we've been waiting for, and not just because we all want them to be there.



Scott Fetter
Multifamily broker, NorthPeak Commercial Real Estate

It starts with supply, or lack thereof. Denver built a historic wave of apartments, and filling them took time. The worst of that wave is moving behind us. According to CoStar, deliveries peaked at nearly 18,000 units in 2024, and this year's roughly 8,100 will be the fewest since 2020. There's still work to do. Thousands of new units are still leasing up, and more are scheduled for 2027. But with new projects hard to finance, the number of units under construction has fallen by half since 2022. Increasing demand and a shrinking pipeline? That sounds like a market turning a corner.

As today's lease-ups fill, I expect the conversation over the next few years to shift from "too many apartments" to "we need more apartments!" That's not the conversation right now, but it's one we'll be having again.

The real issue in declaring the bottom of the Denver market isn't actually about *Denver*. It's about *debt*. I'm not talking about the cost of new debt (although that's not helping.) I'm referring to the cheap pandemic debt that took our then-frothy market and let it go completely unhinged. We had a great time riding cheap debt to record sales volume and prices in 2021. Now, we can't get rid of it fast enough. As with any hangover, you don't feel right until it passes. But here's the good news: We're almost there.

Denver ranked second in the country (thanks, Atlanta!) for the share of its apartment loans coming due through 2029. That means the bulk of the reckoning is happening right now.

Nationally, multifamily loan maturities are estimated at roughly $162 billion in 2026 and $168 billion in 2027, the peak of the wave. Denver ranked second in the country (thanks, Atlanta!) for the share of its apartment loans coming due through 2029. That means the bulk of the reckoning is happening right now.

Every resolved loan gives the market an honest data point. Every investor with an expiring loan has to decide whether to sell, bring in new partners or refinance (often by writing a big check, effectively "buying" their property again at today's market value.) The market is tough to see right now, but every resolved loan makes the picture a little clearer.

Here's the bottom line: Debt cycles come and go. Supply ebbs and flows. Rent data changes quarterly, if not weekly. What lasts is why people want to live somewhere, and on that front, I still think Denver is a winner. I get the complaints: the politics, the homelessness, the affordability. But what desirable city is free of those challenges? I'm writing this from my office, looking out at a sunny, warm fall day. I rode my mountain bike all weekend through glorious fall colors, and I came home to start planning the coming ski season with my family. I can't imagine living anywhere else, and I'm not alone.

The skeptics are right: The party is over. But I think they're wrong about what comes next. We're knocking on the door of a very exciting time to be a buyer in Denver, and I'm here for it. The hangover is almost gone. There will be another party. Of course, we all promise that at the next party, we'll be more responsible, right? Right. ▲

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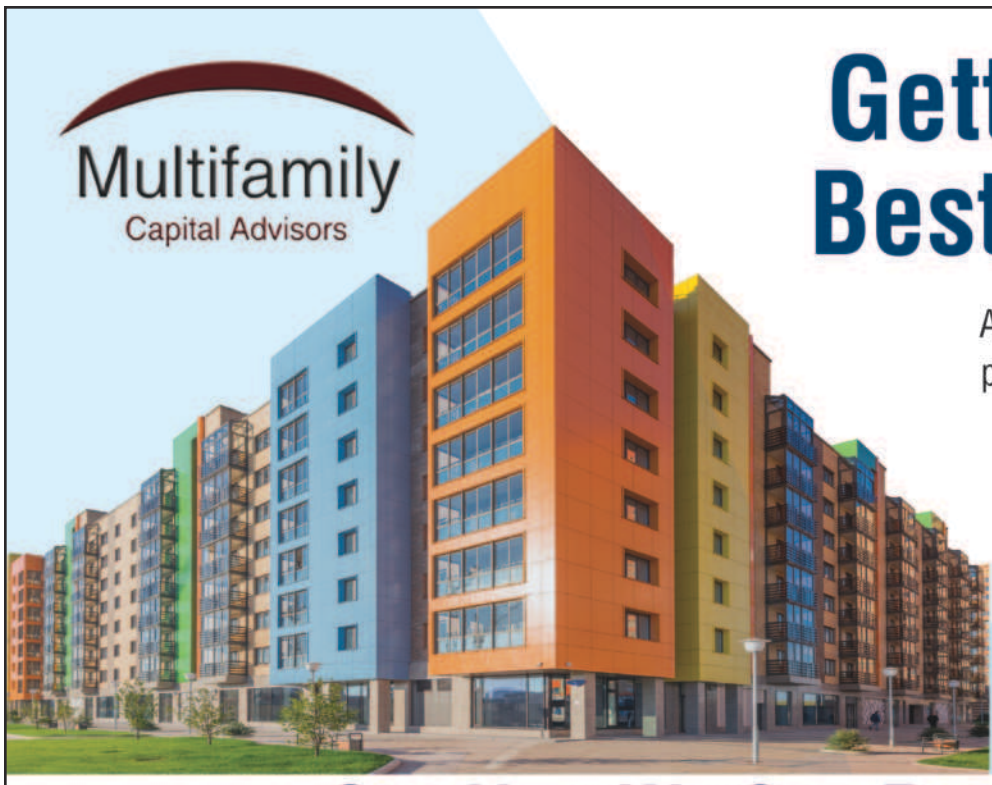
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Cash Out Refinance
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3.375 Fixed 10 yrs.
3 yrs. IO No Pre-Pay Penalty



Purchase
$4,920,000 Loan
3.175% Fixed 5 yrs.
2yrs. IO 3,2,1 Pre-Pay Penalty



Cash Out Refinance
$9,850,000 Loan
2.79% Fixed 10 yrs.
10 yrs. IO Yield Maintenance



Cash Out Refinance
$8,250,000 Loan
2.81 Fixed 10 yrs.
10 yrs. IO Yield Maintenance



Cash Out Refinance
$16,000,000 Loan
3.375% Fixed 10 yrs.
3 yrs. IO No Pre-Pay Penalty



Cash Out Refinance
$12,000,000 Loan
3.375% Fixed 10 yrs.
3 yrs. IO No Pre-Pay Penalty



Cash Out Refinance
$10,400,000 Loan
3.175% Fixed 5 yrs.
2 yrs. IO 3,2,1 Pre-Pay Penalty



Cash Out Refinance
$5,250,000 Loan
3.625 Fixed 10 yrs.
No Pre-Pay Penalty



Purchase
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NoCo Class A: Regional demographic advantage



Jake Hallauer, CCIM, MSRECM
Senior vice president, CBRE

While there are challenging pockets in the Northern Colorado Class A institutional size/quality apartment market, there are also reasons to be optimistic overall. As I consider the slowing population growth in Colorado, it's a stark contrast to what Northern Colorado is experiencing, particularly Weld County.

While the population growth has slowed over the past year, like many areas of the country that experienced rapid price/rent appreciation following the pandemic, Weld and Larimer counties still added a combined, estimated 10,500 residents in 2025, according to Federal Reserve economic data. This is in comparison to a combined average estimated 13,250 residents over the previous five years, including 2025. Simple math tells me that 10,000 new residents at an average household size of 2.5 equates to an annual need for an additional 4,000 housing units.

It appears Northern Colorado is poised for continued growth, but construction activity on new housing has declined sharply from the recent peak in 2022-2023. Based on housing permit data research, the vast majority of this growth has been focused in the central to northern part of Weld County (Johnstown, Windsor, Greeley, east Longmont, Firestone, Frederick, etc.), with Larimer County still growing, but at a much slower clip (just under 3,100 in population added in 2025 out of the 10,500 total).

Should the growth continue at a similar pace to 2025, with an indicated demand last year for over 4,200 new housing units, 30-year mortgage rates nearing a 20-plus-year high and the extremely high cost to build new housing, I anticipate an outsized portion of the housing demand will be directed toward rental housing.

The construction defects legislation in Colorado makes condo production nearly nonexistent, so the most entry-level new construction opportunity is often a townhome. In Northern Colorado, let's say that townhome is $350,000 and about 5 years old. With only 5% down, that's a down payment of $17,500. With inspections, closing costs, escrows, prepayments, etc., let's call it around $25,000 that the buyer needs in cash. Freddie Mac's most recent report indicated the average 30-year fixed rate mortgage in the U.S. is currently 7.4%. With that rate, the monthly principal and interest payments are over $2,300 per month with a 30-year mortgage. Add $150 per month for mortgage insurance premium, $250 per month for taxes, $75 per month for wall-to-wall insurance coverage and $500 for association dues. This buyer is looking at a payment of $3,275 per month (excluding utilities) with $25,000 cash to close. In today's market, a comparable rental would likely save that buyer $500-$1,000 per month. That's a staggering difference in the cost to rent vs. own, which is likely one of the main reasons the median first-time homebuyer age in the U.S. was 40 years old in 2025, according to NAR.

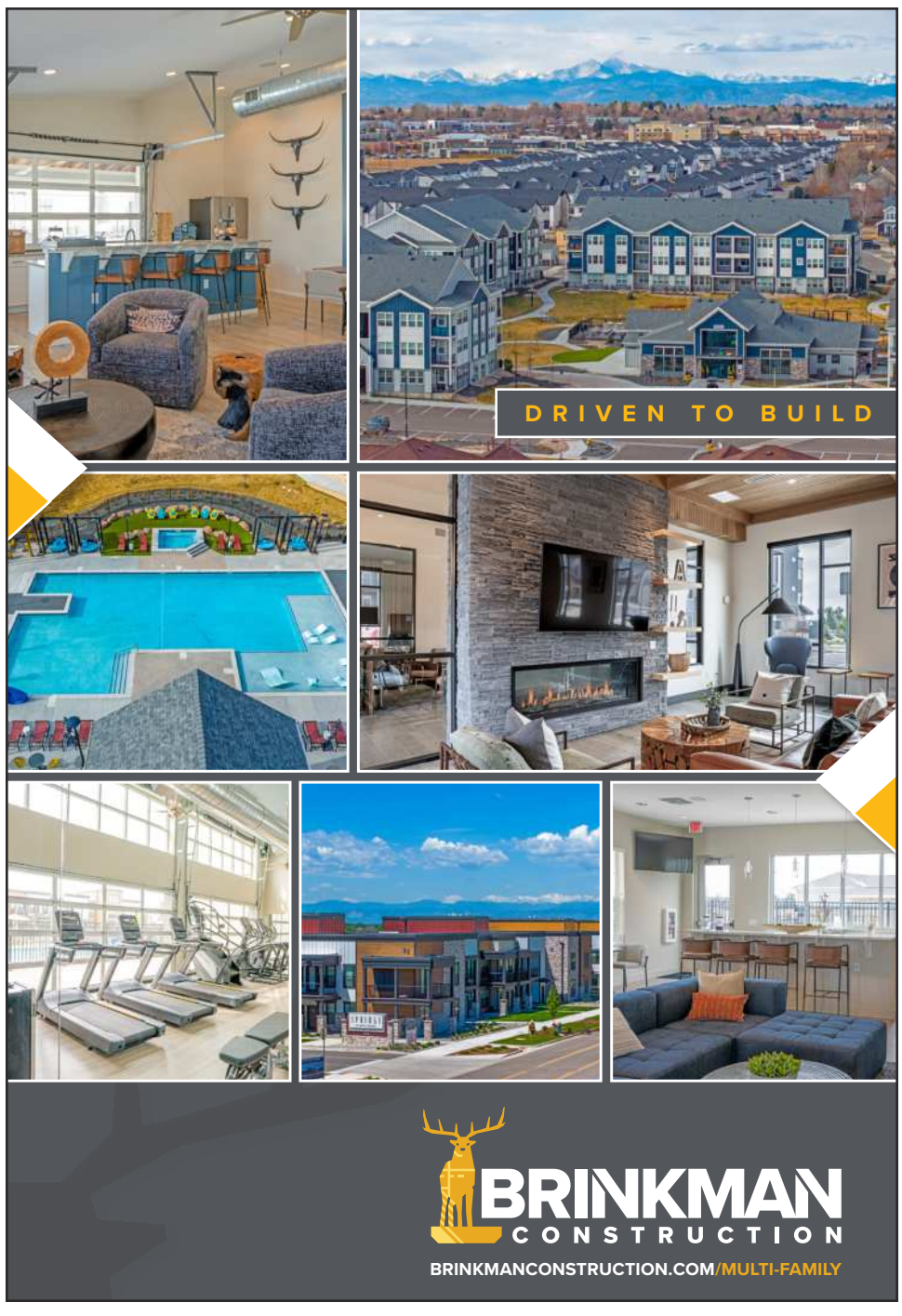
> With all signs pointing to more of the population being renters for longer, in the near term, Northern Colorado appears to be relatively well positioned compared to several other areas in Colorado.

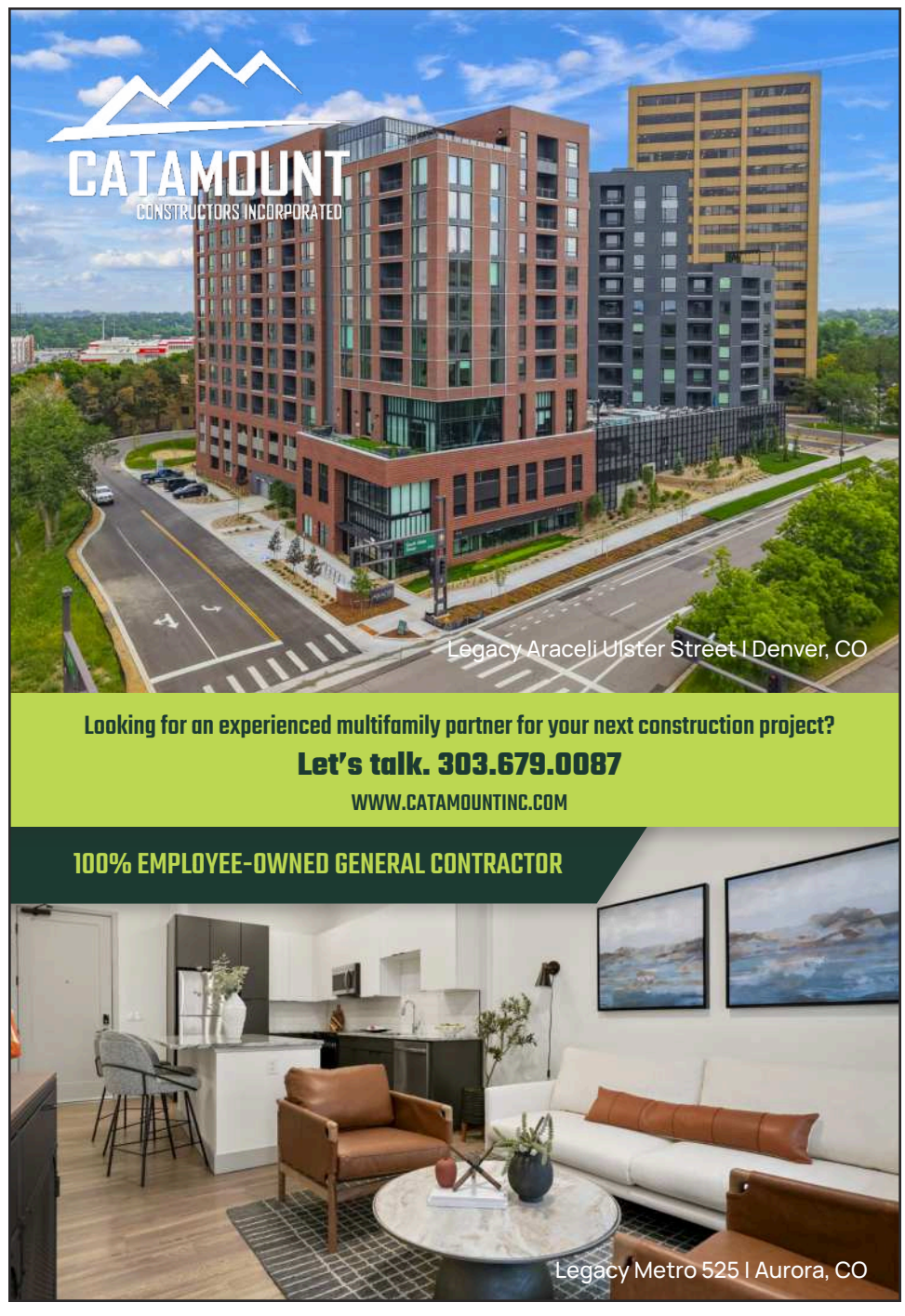
With all signs pointing to more of the population being renters for longer, in the near term, Northern Colorado appears to be relatively well positioned compared to several other areas in Colorado. The apartment market didn't get wildly overbuilt anywhere in the region. Greeley has been hit the hardest and is still dealing with several large projects in lease-up, but there is less under construction than there has been in many years and much less in the pipeline that I would consider highly likely to break ground in the next year.

CoStar data seems to agree with this outlook, as the projected performance of 66 Class A properties in Northern Colorado shows vacancy declining by 300% (take this with a grain of salt, as the data on vacancy is skewed significantly higher with unit counts for a few projects under construction that are far higher than the reality delivered) and projected year-over-year rent growth of between 2% and 3% from 2027-2031. While this may be a bold prediction in this market, I wouldn't be surprised to see stronger rent growth in several pockets that have higher barriers to entry and have had less new product delivered over the past several years.

If construction of new housing units doesn't pick up fairly significantly over the next few years, the region may be heading into a period of very tight housing supply relative to the demand. I estimate the region needs an additional 20,000 new housing units by 2031; with long entitlement and construction timelines, these properties can take years to deliver. All of this coupled with positive net in-migration, indicate these conditions could support rent growth in the multifamily market, and landlords may be rewarded.▲

Jake.Hallauer@cbre.com





Lease-ups are won on conversion, not concessions

Walk into any new lease-up on the Front Range this year, and you'll hear the same conversation. Traffic is soft, absorption is slower than the pro forma assumed, and the fix on the table is almost always the same: Add another free week, deepen the concession, make the offer impossible to ignore.

It's an understandable instinct. Concessions are fast, visible and easy to approve. But after watching lease-ups stall and recover, I've come to a different conclusion. The properties that stabilize fastest aren't the ones giving away the most rent. They're the ones converting the traffic they already have.

■ **The math nobody runs.** Most lease-up teams track leads, tours and leases as separate numbers. Few calculate the ratio between them, and when they do, the results are often uncomfortable. A property generating 40 tours a month at a 20% close rate leases eight units. The same 40 tours at a 35% close rate leases 14, without spending another dollar on marketing or free rent.

That gap is conversion, and it's almost entirely within an operator's control. Traffic depends on the market. Conversion depends on the team.

■ **Why concessions mask the real problem.** A bigger offer gets more shoppers in the door. What it doesn't do is fix weak follow-up, an undertrained leasing agent or a tour that never asks for the lease. If prospects are touring and not signing, more free rent usually just means more prospects touring and not signing, at a lower effective rate for everyone.

Once concessions become the primary lever, they're hard to walk back. Renters talk, shop comps and wait for the next property to blink. A submarket can end up in a concession spiral that drags down effective rents long after the supply wave has been absorbed, and the properties that started it rarely recover the lost revenue.



Erica Sanchez
Vice president of operations, Places Management LLC

Brian Sanchez of Denver Apartment Finders puts it bluntly: "In an age where everyone needs leases and occupancy, and properties are giving away up to 12 weeks free, there are a few things you can do differently. Hire salespeople. Leasing is a sales position. Full stop."

■ **What conversion-focused operators do differently.** The lease-ups I've seen stabilize fastest share a handful of habits that have nothing to do with the concession schedule.

• *They work the pipeline they already have:* "Don't be afraid to pick up the phone and engage with the prospects sitting in your CRM," Sanchez said. "Those are leasing opportunities. Call each person in your pipeline and personally invite them to come out and tour."

• *They measure speed to lead:* A prospect who doesn't hear back within minutes, not hours, has usually toured somewhere else by the time the team calls. Centralized leasing models exist because a dedicated team answering instantly outperforms an on-site agent juggling a tour, a maintenance request and a ringing phone.

> A submarket can end up in a concession spiral that drags down effective rents long after the supply wave has been absorbed, and the properties that started it rarely recover the lost revenue.

• *They train for the close, not just the tour:* A tour that ends with "let me think about it" is usually a tour that's already lost. Agents who know their product, ask for the lease, address objections directly and create urgency around real availability close at meaningfully higher rates. "As a salesperson, you are required to lease, to know your product and be prepared," Sanchez said. "Being prepared means walking your property and showing apartments, and being ready when they show up, standing and greeting each tour with a smile."

• *They audit the tour experience:* Model units, clean amenity spaces and a frictionless application matter more to close rate than most operators assume. A prospect waiting three days for a credit decision has three more days to find another option.

• *They use data to coach, not just report:* Tracking tour-to-lease ratio by agent, not just by property, turns a vague sense that "leasing is slow" into a specific, coachable problem. Some of the fastest turnarounds I've seen came from finding one or two agents converting at half the rate of their peers and fixing that gap directly.

■ **Where concessions still make sense.** None of this means concessions have no place. In a genuinely oversupplied submarket, a competitive offer is sometimes necessary just to generate enough traffic to have a conversion problem to solve. The difference is using them deliberately, as one tool among several, not reflexively.

■ **The takeaway for 2027.** As more supply across Colorado's urban corridors moves through lease-up over the next year, the operators who stabilize fastest won't be the ones with the deepest pockets for free rent. They'll be the ones who treated conversion as a measurable, coachable discipline from day one, who knew their tour-to-lease ratio as well as their occupancy, and who built a team that could close without buying the lease.

Proper planning prevents poor performance.

The next time a lease-up stalls, the first question shouldn't be, "What can we give away?" It should be, "Where is our conversion breaking down?" The answer is almost always more useful, and considerably less expensive. ▲

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Early planning: Design for what lasts in multifamily

Multifamily design conversations often turn quickly to visible features: amenities, finishes and spaces intended to help a property compete at opening. The temptation is understandable. These choices are marketable and easy to compare, but the decisions with the longest reach happen earlier. Site planning, circulation, building orientation and unit layouts determine how a community works every day, and most are difficult to correct after construction.

The goal is not to predict what renters will want five or 10 years from now. It is to make early planning decisions that support lease-up today, encourage resident retention and preserve the property's value as renter expectations and market conditions change.

Three priorities help owners and design teams make those early decisions: Connect the site to the surrounding neighborhood, give the property an identity rooted in its location and plan units around residents' daily needs. Addressing these priorities early gives the team a practical basis for evaluating interiors, amenities and branding – and reduces the risk of spending money on features that do not support the property's market position or operations.

■ **Start with the site.** Connection begins at the property line. Entries, sidewalks, parking and building edges influence how residents and neighbors experience a project. A blank street façade or an entrance hidden behind parking can make a property feel disconnected, while a visible front door, a comfortable pedestrian route and active uses along the street help it function as part of the neighborhood. These decisions can shape entitlement discussions, leasing appeal and the property's value over time.



Bobby Long
Principal and director of design, Kephart

The same principle applies inside the community. A centralized clubhouse can support leasing and larger events, but it does not automatically create the repeated, low-effort encounters that help neighbors connect and form relationships. Those moments are more likely to happen along the routes residents already use on the way to the mail room, near an elevator, or outside walking the dog.

That is the value of planning around an ordinary Tuesday rather than a grand-opening event. When shared spaces are placed along natural paths, community can develop through daily routines instead of scheduled programming alone.

Milepost 35 in Denver's Central Park neighborhood demonstrates this approach. Each building has an activated mail room on the main floor, while a rooftop deck and coworking lounge serve residents above. These spaces encourage casual interaction along familiar paths. The central clubhouse remains important, but it is one part of a larger network rather than the only gathering place. The lesson is simple: Put connection where residents already are.

■ **Let the place lead.** Every community should answer a basic question: Why does this project belong here? Architecture that responds to neighborhood scale, materials, climate and movement patterns is more likely to feel established from the day it opens. That does not mean copying nearby buildings or turning local history into a theme. It means identifying what makes the place recognizable and interpreting it with restraint.



A rooftop deck atop each Milepost 35 building gives residents an easy place to connect beyond the central clubhouse.

A clear architectural concept can guide decisions about interiors, landscape, amenities and branding. When each discipline works from the same concept, the property presents a consistent identity instead of a collection of unrelated features. That concept also gives the team a practical way to evaluate costs: If a proposed feature does not reinforce the location, support the target resident's daily life or work with the operating model, it may not justify the investment.

At Milepost 35, the former site of Stapleton International Airport's Runway 35 provided an authentic starting point. Buildings are named for historic routes across the Rockies, and shared spaces reference Colorado's outdoor culture through a gear room, bike maps and a neighborhood-inspired material palette. Studios, apartments and rowhomes reflect Central Park's range of households. By the end of 2024, the community was running 6 percentage points above its submarket average in occupancy. Many factors influence performance, but a locally grounded identity helps a property communi-

Please see Long, Page 24

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Housing policy can unlock residential innovation

Housing policy rarely gets credit for innovation. Regulations are often viewed as barriers that limit buildable areas, extend timelines, and shape design decisions before a concept reaches the drawing board. Many rules serve an essential purpose: protecting public health, safety, and welfare. Others have not kept pace with construction techniques, demographic shifts, or data challenging long-standing assumptions. As housing costs move beyond reach for many, architects and developers must examine every opportunity to reduce costs and increase supply, including housing policy reform.

The opportunity is substantial. A National Association of Home Builders study published in June found that regulatory costs add an average of $131,734 to each new single-family home, up 40% since 2021. With the average home price approaching half a million dollars, regulation accounts for more than a quarter of the total. Understanding proposed reforms allows architects to explore their design implications before changes take effect.

■ **Making small sites work.** One policy area recently driving conversation in Colorado is single-stair multifamily buildings. The International Building Code currently requires multifamily buildings over three stories to include two exit stairs, a rule rooted in early 20th century construction.

Cities such as New York and Seattle have allowed single-stair buildings up to six stories for decades, providing valuable safety data. Research indicates that the fire fatality risk in these buildings is virtually identical to that of larger multifamily buildings with multiple exits.



Marissa Kasdan, AIA
Director of research, KTGY

Local single-stair regulations typically pair single-stair allowances with enhanced requirements for travel distance, fire and smoke compartmentalization, suppression systems, and prevention measures. Buildings are often limited to four units per floor, reducing the number of residents evacuating through a single stair. Nationally, the 2027 IBC update is expected to include provisions for single-stair buildings up to four stories, with additional limits on floor area. Colorado will require municipalities with at least 100,000 people to adopt code language allowing five-story single-stair apartments by December 2027, a rule already implemented in Denver and Littleton.

KTGY's R+D concept Solo Flight studies the design benefits of these new single-stair opportunities. For developers, single-stair configurations make constrained sites more feasible. For residents, they can enable larger, more flexible units. And within a community, they provide a nice transition between detached homes and larger multifamily developments.

■ **Advancing off-site construction.** Off-site construction offers another opportunity to align policy with innovation, helping to address labor shortages and reduce material waste. Our Hope on Alvarado in Los Angeles uses purpose-built steel modules for transitional housing. MiLa, an affordable housing project under construction in Los Altos, California, combines modular units with a mass-timber podium.



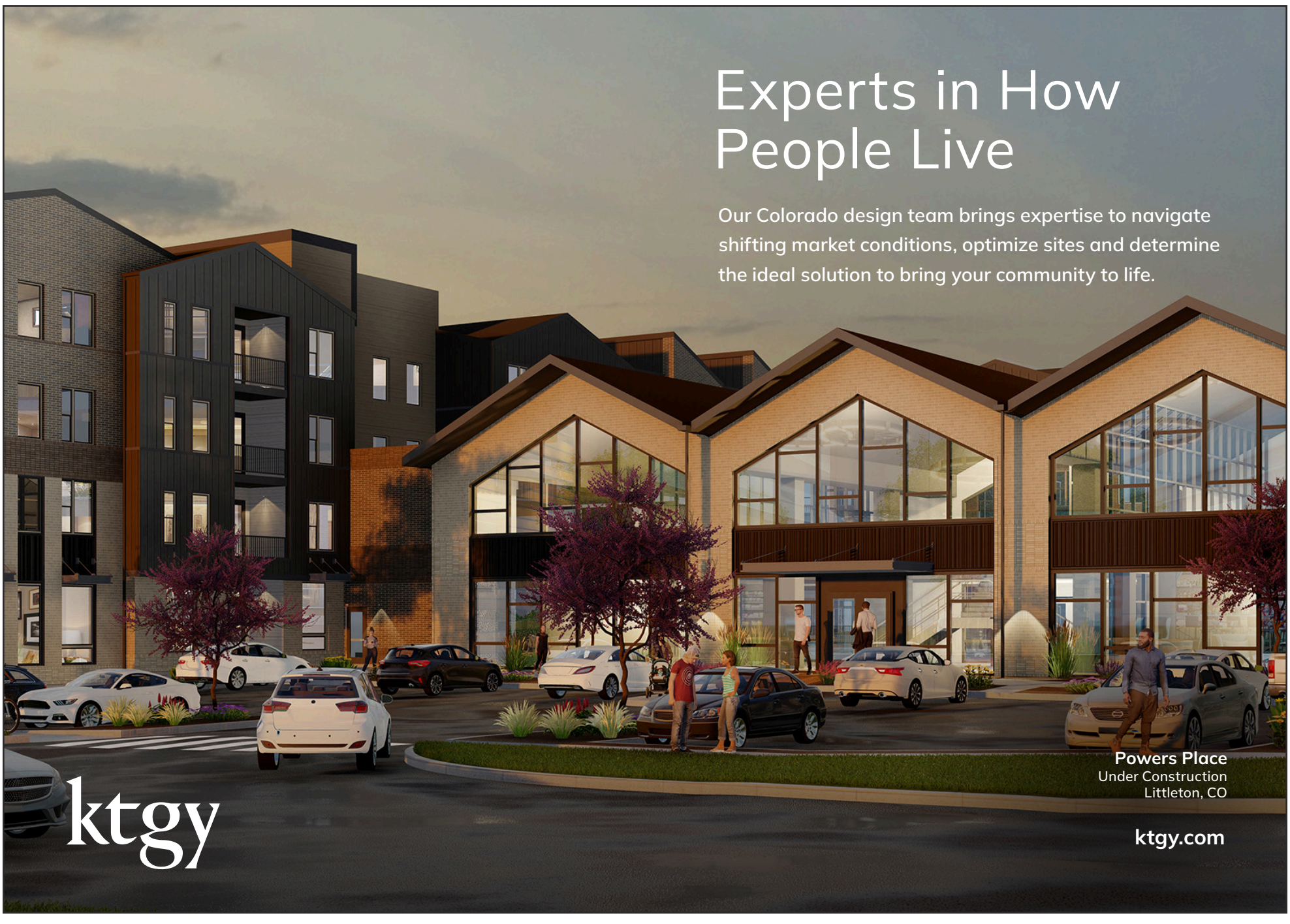
Within a community, single-stair designs provide a nice transition between detached homes and larger multifamily developments.

These projects illustrate off-site construction's potential while highlighting opportunities to improve its regulatory framework. Although modular and manufactured housing are both factory-built, they follow different approval pathways. Modular housing generally meets applicable state and local codes, while manufactured housing follows federal standards under the jurisdiction of the U.S. Department of Housing and Urban Development.

Differences in jurisdictional requirements can limit manufacturers' ability to repeat designs and achieve economies of scale. Greater consistency in approval processes with appropriate accommodations for climate and site conditions could make factory-built housing more scalable, as found in manufactured housing.

However, HUD currently requires manufactured housing to include a permanent chassis: the large, steel frame beneath the unit allowing it to remain mobile. The chassis adds cost but also prevents stacking for multifamily applications. A pending HUD proposal would eliminate the chassis requirement, opening new

Please see Kasdan, Page 22



Human-centric design is your best strategic asset

In today's real estate climate, we are operating in a landscape defined by unpredictability. Development costs are high, capital is cautious, and tenants – whether in multifamily, senior living or hospitality – are more discerning than ever. When the market tightens, the natural inclination is to look for ways to pull back, strip away the "extras," and focus purely on the functional bottom line.

At Studio 10, we believe that is a missed opportunity. In fact, we'd argue the opposite: Now is the time to lean harder into design – not as a decorative finish, but as a strategic tool to control what we can and ensure a property doesn't just survive the market cycle but stands out in it.

The most effective tool in that arsenal? A commitment to holistic wellness and human-centric design.

■ **The ROI of the resident experience.** It is easy to view design through a lens of cost per square foot. But when we look at design through the lens of human experience, the conversation shifts to return on investment.

Human-centric design is the practice of designing environments around the physical, mental and emotional needs of the people who occupy them. It isn't about luxury for the sake of excess; it's about creating environments that foster well-being. Think of biophilic elements that can help reduce stress, lighting systems that support healthy circadian rhythms, or floor plans that offer genuine, flexible utility rather than just aesthetic volume.



Ashley Clendenin
Director of sales and marketing, Studio 10 Interior Design

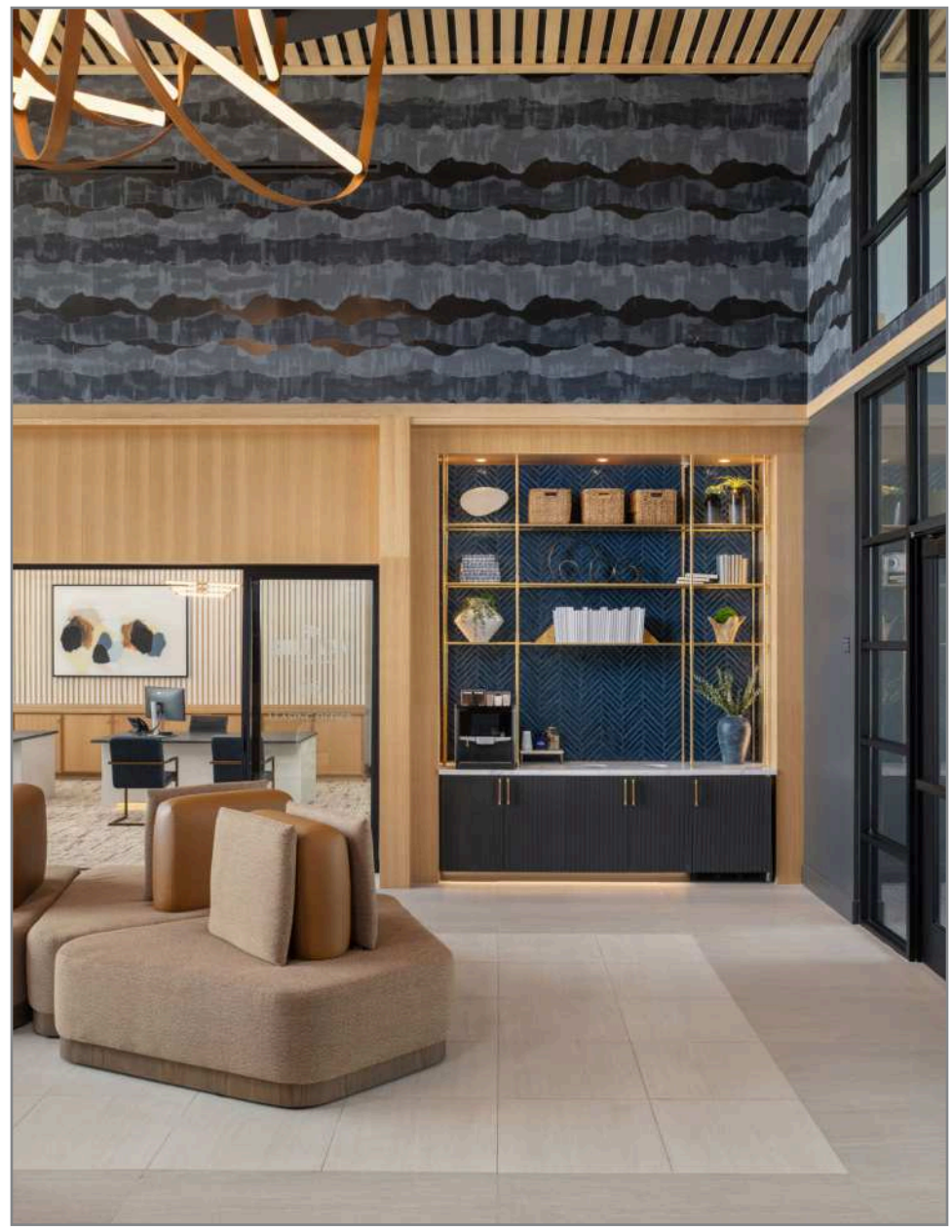
When these elements are baked into the core architecture of a property, they can contribute to operational performance. They are the "sticky" factors that can support lease-up velocity. In an unpredictable market, a property that makes a potential resident feel immediately, subconsciously at ease – even if they can't put their finger on why – is the property that has a stronger chance of winning. That initial feeling can be the difference between a tour that results in a lease and one that ends with, "We'll keep looking."

■ **Controlling the controllable.** We cannot control interest rates, construction material inflation, or broader economic shifts. However, we can control the quality of the product we deliver.

In a "flight to quality," properties that maintain their value and occupancy are often those that offer a strong living or guest experience. By positioning design as a strategic investment early in the development process, we can move from reactive spending to proactive value creation.

A holistic approach means looking at the building as an ecosystem. When we design for wellness,

Please see Clendenin, Page 23



Human-centric design is the practice of designing environments around the physical, mental and emotional needs of the people who occupy them.



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Every Studio 10 project begins with uncovering and expressing its unique identity. Treated as a story waiting to be told, each project brings together branding, materials, and design details to create a cohesive and meaningful narrative. The result is an authentic, distinctive place—one that invites people to live, return, and feel connected to the surrounding community.

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Design is MF's lasting competitive advantage

In a market where free rent has become a familiar leasing incentive, multifamily developers face an important question: What happens when the concession ends?

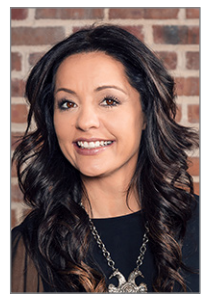
A rent special may help secure a lease, but it does little to establish what makes a community worth choosing in the first place. As competition intensifies, developers have an opportunity to look beyond short-term incentives and consider something with greater staying power: the experience of living there.

Design should be treated as more than an aesthetic investment. It is part of the infrastructure of human experience, shaping how people interact with their surroundings, connect with one another, and feel about the places they call home. In today's multifamily market, that perspective has significant business implications.

■ **A market that demands differentiation.** The pressure to compete is particularly evident in Denver. According to Zillow's April 2026 Rental Market Report, 68.3% of rental listings in Denver offered concessions, the highest share among the nation's 50 largest metropolitan markets. Nationally, 39.6% of rental listings offered concessions in September.

These incentives serve a legitimate purpose, particularly during lease-up or periods of increased supply. But when competing properties offer comparable floor plans, finishes, and pricing incentives, the residential experience becomes an important point of differentiation.

The question for developers is whether we're creating properties designed to compete today or communities positioned to remain relevant as market conditions change.



Angela Harris
Chief executive officer and principal, Trio

■ **Identity is an asset.** The most compelling communities offer something beyond desirable features. They have a recognizable identity, rooted in their surroundings and meaningful to the people who live there.

Too often, multifamily design begins with a familiar checklist of amenities and finishes. The result may be attractive, but also interchangeable.

Meaningful differentiation begins with understanding a place's history, culture and community. Art plays an important role in that process. When integrated intentionally into architecture and interiors, art becomes more than decoration. It can express neighborhood identity, invite curiosity, and create moments of connection that give a property its own personality.

At The Marlowe in Denver, the design draws inspiration from the character of Colfax Avenue. Rich textures, nostalgic references, and unexpected details establish an identity connected to its surroundings rather than a conventional interpretation of luxury.

This approach gives leasing teams a more compelling story to communicate and creates an experience residents can recognize as their own.



At Ten50, hospitality-driven gathering spaces, layered textures and a warm, expressive palette draw from the city's creative character.

■ **Designing for the human experience.** We tend to think of infrastructure as the physical systems that make a building function. But the environments people move through, gather in, and return to every day are equally important to how a community is experienced.

Light, acoustics, materiality and spatial relationships influence how people perceive their surroundings. A welcoming lobby, a comfortable place to work, or a quiet corner to recharge can contribute to everyday well-being.

These considerations are especially important as hospitality continues to influence multifamily development.

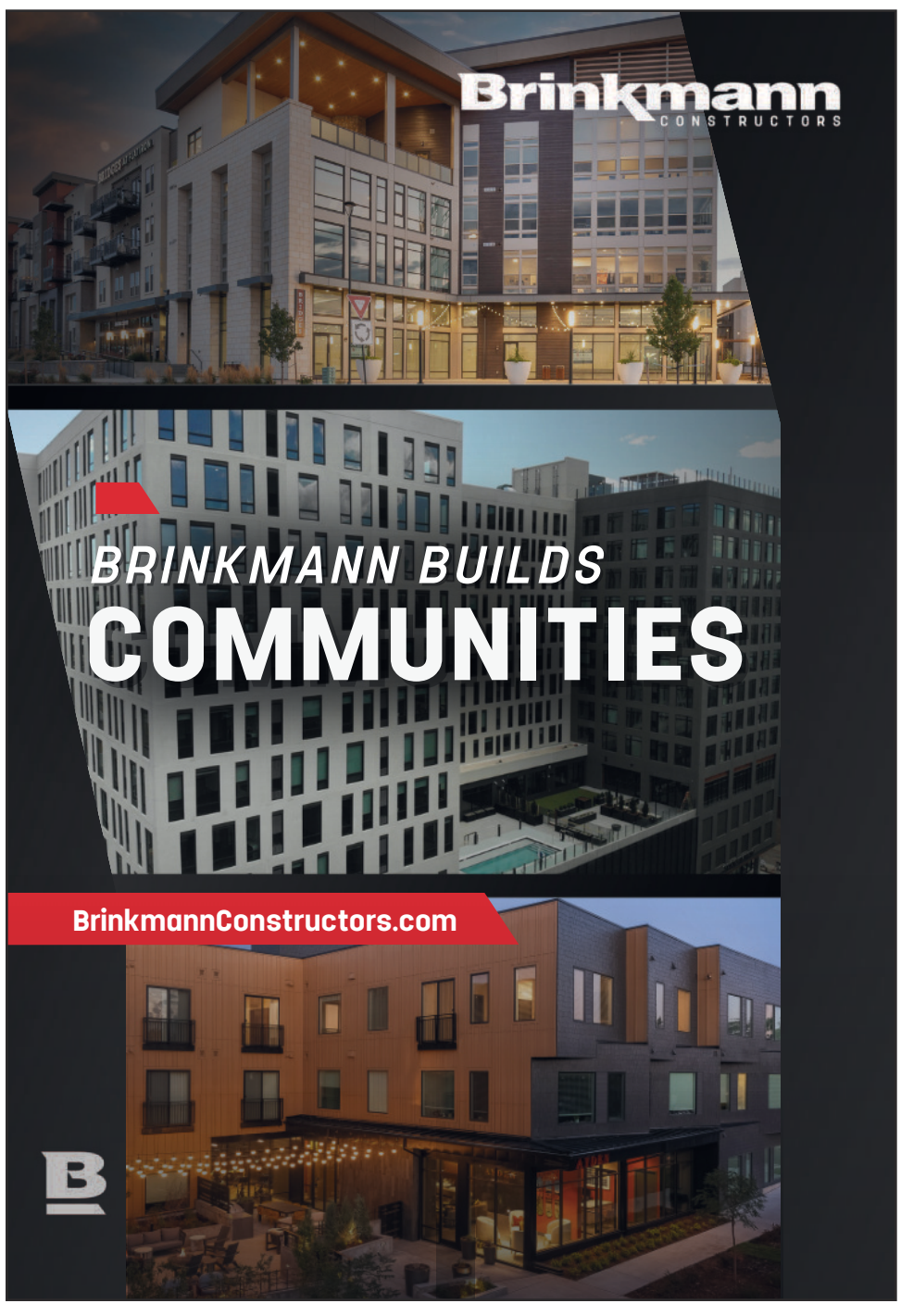
The industry's emphasis on amenities has created exciting possibilities, but more isn't necessarily better. A beautifully furnished clubroom that sits empty most of the week offers limited value. A flexible space accommodating remote work, informal gatherings and community programming has a clearer purpose.

We should be asking how these environments function beyond the opening-day photograph. How will residents use them on a Tuesday morning? Can they accommodate different needs throughout the day? Will they remain relevant five years from now?

At Ten50 in Denver, hospitality-driven gathering spaces, layered textures and a warm, expressive palette draw from the city's creative character. The intention is to create an environment that feels distinctive and approachable, supporting the different ways residents live and connect.

Good design begins with under-

Please see Harris, Page 23





Profile

Building Better Multifamily Developments with Precast/Prestressed Concrete

Multifamily developments range from affordable and market-rate apartments to student and senior housing, mixed-use communities, and luxury resort properties. Across these markets, owners and developers must balance construction and financing costs, time to occupancy, architectural expectations, and long-term asset performance.

Requirements vary considerably by location and building type. Urban developments face limited access and staging areas, while mountain projects contend with challenging logistics, weather, and shortened construction seasons. Design teams must also accommodate parking, amenities, acoustical separation, fire resistance, and energy performance. Precast/prestressed concrete offers a range of structural and architectural solutions to address these demands, with EnCon United providing the integrated expertise to help project teams identify the right approach.

Selecting the Right Precast System

From parking structures and podiums to fully integrated buildings, precast/prestressed concrete can be configured to meet the structural, architectural, and operational requirements of virtually any multifamily development. In wrap construction, residential buildings surround a precast parking structure. Prestressed beams, columns, and double tees provide long spans with fewer columns, improving parking circulation and accommodating efficient residential layouts around the garage.

Podium construction places residential units above a structural platform, typically with parking, retail, or amenities below. Precast beams, columns, and floor systems support the residential construction above while providing separation between occupancies. Podiums are particularly advantageous where construction sequencing, site access, and weather limit conventional cast-in-place operations.

Total Precast Systems (TPS) integrate floors, walls, beams, columns, and enclosure components into a single coordinated structural and architectural system. By combining these functions, TPS can reduce separate construction operations, simplify enclosure detailing, and minimize trade interfaces. EnCon's preconstruction and engineering teams work with owners, architects, and contractors to evaluate these approaches against project requirements, schedules, and budgets.

Accelerating Project Delivery

One of the primary advantages of precast/prestressed concrete is its ability to accelerate construction schedules, bringing residential units online sooner and reducing exposure to financing costs and labor shortages.



Precast manufacturing proceeds concurrently with sitework and foundations, reducing overall construction duration. Once delivered, components can be erected rapidly, establishing structural floors and working platforms while reducing shoring, field labor, and trade overlap. Earlier structural completion allows subsequent trades to begin work sooner, supporting faster occupancy and revenue generation.

The Imperial Hotel & Private Residences, a seven-story, 400,000 SF slopeside development in Breckenridge, Colorado, demonstrates these advantages. EnCon United is providing a two-story precast podium comprising columns, beams, double tees, walls, spandrels, flat slabs, and stair and elevator shafts. With limited site access and laydown space, components travel through mountain corridors to a staging lot before being shuttled to the project. Erection is planned across five areas over approximately five months, allowing other trades to begin work in completed areas while precast installation continues.

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EnCon UNITED COMPANY

Performance Beyond Promise

Total Precast Systems for Multifamily Projects

EnCon United is a leader in precast/prestressed concrete, delivering Total Precast Systems (TPS) that help multifamily projects accelerate construction, enhance occupant comfort, and reduce lifecycle costs without compromising architectural expression. With expertise in wrap and podium-style projects, EnCon United provides integrated technical expertise to optimize each system from design through erection.

Learn More at **enconunited.com**

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AFFORDABLE HOUSING

From the desk of Rodger Hara

Modular Housing: It's more than just a headline

The level of attention being paid and funding committed to modular housing in Colorado would lead some to think of it as only the latest new flavor of the month for construction of housing. The reality is that it has been used in delivering housing units for many years here, across the country and around the world.

According to John McMullen, marketing director of the Modular Building Institute, there are 735 constructor members of that institute, of which 50 are in the United States and 19 are in Colorado. The Modular Building Institute sponsors annual conferences called World of Modular in Europe and the United States. The most recent U.S. World of Modular conference held in Las Vegas last April drew 1,692 people from 34 countries and had 260 exhibitors. The third of five Off Site Construction Summits sponsored by the institute held in Denver in September drew 226 attendees and 35 exhibitors – which speaks to the level of interest in and attention being given to modular housing.

The Affordable Housing Spotlight in the last Multifamily Property Quarterly highlighted the rising level of political will in support of affordable housing in Colorado.



Rodger Hara
Principal, Community Builder Realty Services

Manifestations of that support are evident in the $70 million provided by the state of Colorado to developers of modular housing plants, the recent commitments of $2.89 million in middle-income housing tax credits for Phase B of the Lumberyard project in Aspen and $7.85 million in Proposition 123 funds for four new construction projects, all of which will be developed with factory-built housing.

The fiscal year 2027 Affordable Housing Financing Fund plan for Proposition 123 funds, has earmarked approximately $20 million for Colorado's affordable housing manufacturers in the Strategic Equity Investments Round this month, with a focus on affordable developments that will provide demand aggregation for those manufacturers.

At last month's Housing Colorado annual conference in Keystone, Nate Peterson, president and founder of Vederra Modular, described new tools he has developed; one is a computer-based system for tracking construction progress of units in his factory in Aurora and another for installing a "pop-up" modular construction factory to meet a limited/short-term need in an area such as a Native American reservation or energy development facility.

The spotlight this quarter will shine on several programs and projects. You'll also read about the role of the state of Colorado in overseeing the funding and development of modular plants and the units they produce.

Finally, you'll read about an interesting and innovative concept being developed in the Denver area for projects anticipated to be built in Eastern Colorado – creating housing from shipping containers. ▲

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Founded in 1953, **Gershman Investment Corp.** is one of the nation's longest-running family-owned lenders. We specialize in FHA-insured financing for the multifamily, senior housing, and healthcare sectors, and are recognized as a national leader in this space. Gershman is committed to delivering unmatched expertise, exceptional service, and certainty of execution for our clients.

Build-to-Rent (BTR) is now HUD-Eligible

BTR sponsors can now **maximize loan proceeds, reduce long-term borrowing costs, and unlock equity for future development** through FHA-insured financing.

FHA Section 221(d)(4) – New Construction: Construction-to-permanent financing with a 40-year amortization and 1.15 DCR.

FHA Section 223(f) – Acquisition & Refinancing: Permanent financing for newly constructed BTR communities, including refinancing maturing construction debt and releasing equity.

Property Eligibility: Communities must occupy a cohesive, contiguous site, operate as a single multifamily rental property, and be intended for long-term rental.

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AFFORDABLE HOUSING

Manufacturing housing: An attainability solution



Dmitry Yesilevsky
Chief growth officer, EcoMod

Colorado is confronting a 106,000-unit housing shortfall, requiring at least 34,100 new homes delivered annually just to keep pace with baseline demand. With 35% of households across the state cost-burdened, this deficit has become Colorado's foremost economic bottleneck, driving wage inflation and undermining workforce retention across Front Range cities and mountain communities alike. Yet regional housing discussions often focus on peripheral levers: streamlining municipal entitlements, restructuring tap fees or subsidizing land acquisition. When our founder, Marko Mackovic, established EcoMod after years in construction and development, he recognized a mathematical ceiling to that approach. Impact fees and regulatory timelines are largely inelastic. To achieve genuine attainability, the industry must attack the largest variable on the pro forma: directly lowering the hard cost and compressing the delivery timeline of building the home itself.

At the foundation of our model is a departure from conventional construction physics. Rather than assembling thousands of framing components exposed to the elements, our system integrates the standardized chassis of a single-trip steel shipping container with a proprietary light-gauge steel framing system. This approach reduces initial construction costs by at least 30% compared to traditional building methods. The steel container chassis provides an immediate structural superstructure directly on the factory floor, bypassing the labor-intensive framing stage that routinely bogs down site builds. By cutting vertical construction schedules in half, this industrial baseline eliminates weather delays and substantially reduces capitalized loan interest and field overhead from day one.

The economics of off-site manufacturing are also fundamentally governed by transportation geometry. In volumetric modular construction, builders often push module widths to 14 or 16 feet to replicate standard room dimensions in a single unit. That decision introduces severe logistical penalties. Oversized freight requires specialized permits, pilot escorts, and restricted travel windows, driving shipping expenses up to roughly $20 per mile while cutting off deliveries to tight urban infill parcels and mountain passes. We inverted that equation by standardizing our structural units on an 8-foot-wide profile. Because an 8-foot width matches standard highway freight parameters, our modules travel on standard flatbed trailers without wide-load permits or escort fees. This slashes transportation costs by roughly 80% and ensures our trucks can navigate any urban alley or mountain pass a standard commercial vehicle can reach.

Standardizing on an 8-foot footprint provides a highly efficient structural building block that pairs highway transit ease with thoughtful interior design. Our engineering allows for open, highly functional living spaces, with rooms up to 16 feet wide. Because the exterior corner posts and heavy steel chassis carry the primary structural and lateral loads, nonstructural corrugated steel sidewalls can be precision-cut and reinforced with our steel framing system. Modules are married horizontally side by side and stacked vertically on-site, connecting adjoining units to deliver open-concept common areas. This modular flexibility enables efficient layouts ranging from 320-square-foot ADUs to 1,350-sf duplexes, single-family homes and multistory apartment configurations. Living, dining and kitchen areas flow naturally across combined modules, delivering the contemporary feel buyers and renters expect without the operational hurdles of oversized freight.



Modules are married horizontally side by side and stacked vertically on-site, connecting adjoining units to deliver open-concept common areas.

Transitioning to an industrial steel chassis also transforms physical performance. Unlike light-wood framing, which is combustible and vulnerable to warping, rot, and settling, ourstructural steel assemblies are engineered to be nine times stronger than conventional stick framing, featuring a certified 180 mph wind load rating, wildfire resistance, and an engineered lifespan exceeding 200 years. Inside our factory, continuous closed-cell spray foam insulation applied directly against the steel frame yields up to 57% better thermal performance than standard batt insulation. This detail eliminates thermal bridging, provides dense acoustic dampening between adjacent units, and dramatically lowers utility bills – a vital operational metric for housing authorities managing long-term budgets.

Industrialized construction cannot

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The state's perspective on factory-built housing



Sam Albrecht
Director, Office of Regulatory Oversight

Factory production of units is an exciting, viable option because of the ability to produce homes at a lower price point within a shorter timeline in key markets, particularly in rural areas. A factory-built approach shifts much of the building construction activity off-site, reducing congestion and time on-site, and enabling a more controlled and predictable build process. The factory is a covered, protected environment where skilled workers move units down a production line. There is no downtime for rain or snow.

Units built in a factory are inspected at every stage of construction, just like site-built projects. Larger-volume modular factories often see one completed and finished box come off the production line every day. A single-family home, townhome or apartment may be comprised of multiple boxes.

Overall, choosing factory-built structures can cut the timeline from groundbreaking to occupancy in half because the site prep work is completed while the units are being built. Faster, more efficient construction can translate to lower costs to deliver housing.

So what is a factory-built structure anyway? Factory-built structures are constructed at an off-site location, separate from the site where the structure is to be installed. Examples of factory-built structures include:

- Single-family residential structures built to federal standards administered by the U.S. Department of Housing and Urban Development, also known a HUD code homes.
- Tiny homes, which are built on a permanent chassis and are 400 square feet or less.
- Tiny houses, which are not built on a permanent chassis and can be placed on a temporary or permanent foundation.
- Accessory dwelling units, which are independent, self-contained living spaces located on the same property as a main house.
- Residential modular, such as single-family homes installed on permanent foundation systems.
- Nonresidential modular, such as schools, hospitals or office buildings.
- Relocatable structures, usually modular, such as temporary school classrooms, oil and gas field offices, equipment shelters, and construction offices.
- Kit homes that are made up of a series of closed panels constructed in a factory and then assembled on-site.
- Modular apartments, townhomes or other multifamily buildings.



Units built in a factory are inspected at every stage of construction, just like site-built projects.

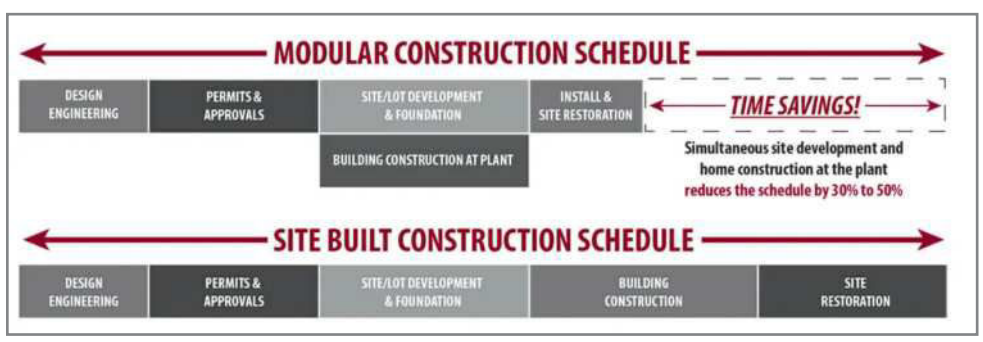


Image courtesy of Modular Building Institute

The Building Codes and Standards section in the Colorado Department of Local Affairs, Division of Housing, regulates the state's factory-built industry to ensure all structures meet safety codes, specifically those

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AFFORDABLE HOUSING

Modular construction expands housing supply

Modular construction is beginning to see results as one solution to address Colorado's housing supply issue. Data from Colorado's state demographer published last year indicates that the state faces a shortage of roughly 106,000 housing units. While progress has been made since that figure peaked at 140,000 in 2019, many communities in the state continue to grapple with a lack of housing supply, particularly for units serving households with low- to moderate-income families. The supply problem exists alongside other challenging market dynamics, including interest rates above historical averages, high construction costs and increasing operating expenses for taxes, insurance and utilities. These pressures make it more challenging for many Colorado households to obtain housing without becoming cost-burdened, while making housing more expensive and difficult to build, own and operate.

Even against these economic headwinds, Colorado has invested in its own modular and factory-built housing infrastructure, recognizing the potential to realize efficiencies in the building process, saving time and money, which may ultimately result in a more affordable home for the renter or buyer. While the industry in Colorado is still maturing and not without challenges, CHFA is seeing modular in a growing number of affordable rental and for-sale developments.

Just four years ago, in 2022, roughly 200 units per year that were supported through CHFA programs were modular or factory-built. Today, that number has increased more than 200% to over 650 units per year, spanning the housing continuum. As Colorado's factory capacity has grown, modular is beginning to show up across more developments and more types of housing, with more homes reaching Coloradans each year.



Kristi Budish
Director, community development, Colorado Housing and Finance Authority

Recognizing the potential of modular construction to help address housing needs across the state, the Colorado General Assembly has made significant investments in factory production capacity in recent years. Through the Innovative Housing Incentive Program and the Proposition 123 Modular Finance Program, both of which CHFA administers on behalf of the Office of Economic Development and International Trade, 10 modular housing manufacturers have been awarded more than $50 million in financing since 2023. Funding awarded through the programs supports factory construction, working capital, equipment purchase, inventory, raw materials, factory production deposits, leased-facility deposits and other approved uses.

These investments reflect an understanding that the success of modular housing depends on a robust infrastructure capable of serving projects throughout Colorado. Proximity to factories can play an important role in project feasibility, as transportation costs increase significantly when modular units must travel long distances or over Colorado's mountain passes. Expanding Colorado-based production capacity helps reduce those costs while creating a more reliable supply chain for affordable housing developments.



Ptarmigan Flats in Leadville is a four-unit affordable rental housing development built using modular construction.

Investments in modular manufacturing also support broader economic development goals. Factories create jobs in communities across the state and provide opportunities for workers with a range of skills and experience. In rural and mountain areas, where labor shortages can make traditional construction more challenging and expensive, and winter weather may shorten building seasons, factory-built housing offers an alternative approach that can help developers deliver projects sooner and more efficiently. While modular construction is not appropriate for every development, expanding Colorado's manufacturing base is providing communities with another option as they work to respond to local housing needs.

This summer, I had the opportunity to attend the grand opening of Ptarmigan Flats in Leadville, a four-unit affordable rental housing development built using modular construction produced by Colorado-based Vederra Modular. Serving households earning up to 80% of area median income, or $73,520 per year for a two-person household, the project demonstrates how modular housing serves the needs of a mountain community, even at

Please see Budish, Page 25

Systems around modular building need to change

For modular construction to fulfill its potential in addressing Colorado's housing challenges, the full development process must evolve with it. Financing, design, permitting, and project delivery are just as critical as how a building is assembled.

We initiated Blue Room House One, our modular multifamily project in Denver, to put a thesis we call "positive deflation" into practice: the idea that repetition, shared learning and continuous improvement can reduce friction, uncertainty, time and cost across housing production. We approached House One as a real-world pilot to test where industrialized construction creates efficiencies, where the surrounding system creates friction and what lessons can be shared across the broader housing ecosystem.



Minyoung Sohn
Founder, Blue Room Housing

Through the project, we have worked directly with manufacturers, contractors, trades, architects, lenders, insurers, public agencies and impact



House One is a pilot project to test efficiencies.



Anne Anderson
President, Blue Room Housing

capital, giving us a firsthand view of where the system supports modular construction and where it works against it.

House One also reinforced an important limitation: Efficiencies inside the factory cannot reach their full potential if financing, permitting, design, insurance and project delivery remain structured around conventional construction.

Situated on a small urban infill site in Denver's Santa Fe arts district, House One presented the type of challenge where modular construction can offer an advantage. As the modules were set, people traveling past the site could watch the building take shape. Within approximately four days, the structure was up.

That visibility helped turn House One into a learning opportunity not only for the residents of the neighborhood and those driving past on a busy Denver thoroughfare, but also for Colorado's broader housing and construction ecosystem. A major point is that construction speed is only one part of the affordability equation.

House One reinforced that the cost, structure, and timing of capital directly influence the cost of housing. The project combined public funding with personal capital that funded much of the early factory work needed to move the pilot forward.

Traditional commercial financing does not always align with modular multifamily development. While conventional lenders typically release funds as work is completed on-site, modular projects generally require significant upfront capital for factory deposits, materials and off-site production. On House One, we provided much of that early capital, supplemented by philanthropic support that allowed the project to begin and keep moving.

Those are precisely the kinds of lessons we believe should be captured and shared. If every developer, lender and manufacturer must discover these mismatches independently, the industry loses some of the efficiency modular is intended to create.

The same is true of permitting and public funding. For House One, Denver's accelerated housing review process helped move permitting forward, while multiple public funding sources required separate processes and timelines. Trades also had to adjust to different scopes and sequencing as work shifted between the factory and the site. As teams gain experience with modular delivery, pricing and scheduling should increasingly reflect those differences.

The same is true of permitting

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Boyd

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ing is more than a year old, but the answer is not to keep sending the project back out for repricing. Subcontractors recognize when projects do not have credible start dates. Participation drops, qualifications increase and pricing becomes less reliable. When construction ramps up, key trade partners will have their pick of projects, and developers risk exhausting the subcontractors they will need when the project becomes real.

Waiting too long creates a different risk. Once financing is underway, there may not be enough time to absorb a major cost change, redesign the project, rework the pro forma and still close on schedule. A full subcontractor solicitation may identify the problem without leaving enough time to solve it.

Involve the GC early enough to influence the project and maintain cost credibility, and reserve the full subcontractor solicitation for a realistic start. At that point, market pricing should confirm the path to construction rather than determine whether one still exists.

A focused cost refresh starts with the work already completed:

- Reconcile the current documents against the last estimate.
- Vet the unit mix against updated demand, such as three-bedroom units in suburban projects.
- Identify code, utility, design and scope changes that will move the needle on pricing.
- Compare subcontractor pricing against projects being bought out today.
- Validate only key or high-risk scopes with trade partners.
- Save the full subcontractor solicitation until a credible start is in view.

When financing becomes credible, the GC should already know what requires market validation, which bid packages can move first and what decisions could delay closing or procurement.

■ **The GC's role changes as the project matures.** Before approvals, the GC helps preserve the right options. After approval, the GC helps restore cost and execution credibility. In both cases, the GC must be honest when the pro forma gap cannot be solved by swapping finishes, pushing risk into allowances, or carrying a more optimistic number. Sometimes the program, parking, density or schedule must change. Other times the project should wait.

Flexibility matters before approval. Readiness matters after it. Good preconstruction connects the two. ▲

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Clarke

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rent by choice or compete for newer units. Concessions appeal to each group for different reasons.

Absorption and overall market strength can move differently. A lease-up property can fill units by taking residents from an older community, improving its own occupancy without increasing the metro's total number of renter households. At the same time, lower effective rents can bring some households off the sidelines and create incremental demand. Denver is almost certainly seeing both.

Renewals remain an important second test. A signed lease shows that the concession was enough to produce a move. A renewal after the introductory discount expires shows whether the resident can and will support the property's ongoing effective rent. Owners should look beyond gross move-ins and ask how many residents stay, what rent they accept and whether another incentive is required.

Denver's latest figures describe a market working through its supply cycle. Overall vacancy is improving, but stabilized vacancy hasn't; concessions increased, net rents remain below last year, and quarterly absorption slowed from the spring. The clearest answer we have is that demand isn't coming from one new class of renter, but making an effort to understand who the people are who are driving our local absorption numbers should help us better position ourselves and appeal to those renters, which in turn will assist in our recovery. ▲

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Kasdan

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possibilities for factory-built housing.

■ **Rethinking the single-family lot.** Single-family zoning is one of the most common constraints on housing supply. Designing two or three homes for a lot previously limited to one can increase density in desirable locations.

Legislation encouraging accessory dwelling units demonstrates one approach. ADUs often provide long-term rentals or housing for extended family. But the familiar "granny flat" does not fully reflect today's homebuyers. With the median age of first-time buyers reaching 40, first-time buyers representing just 21% of buyers, and the median age of all buyers reaching 59, a fundamental question emerges: Who are we designing for?

Our R+D concept Anthology explores attainable, adaptable housing for multiple generations. Rather than relegating an older resident's home to the rear of a lot, Anthology places the single-story residence toward the front. A primary suite, small guest room, and generous living areas support daily life and family gatherings without excessive square footage. A shared courtyard connects this residence to a family unit located primarily upstairs and a compact studio.

By combining these home types together on a single-family lot, we increase density while creating multigenerational neighborhoods that can evolve with residents through many life stages. A young adult might begin in the studio, a growing family could occupy the larger unit, and older residents could remain in the accessible single-story home.

These are only three of many policy areas with potential for design innovation. They remind us that some of the most powerful solutions do not come from working around regulations, but from understanding them and helping shape better ones. By engaging in policy discussions, architects can expand housing choice, improve affordability, and create communities designed for the realities of contemporary life. ▲

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Clendenin

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we make intentional choices about materials that affect indoor air quality, acoustics that provide genuine privacy, and circulation paths that encourage social connection or quiet retreat, depending on the need. When these choices are made early, they aren't simply expensive add-ons; they can be integrated efficiencies. They can support the bottom line by helping reduce long-term turnover costs and, where the market supports it, strengthening the case for rent premiums.

That value should be considered early and evaluated against the project's goals. Development teams can identify which resident or guest needs matter most, then connect design decisions to measures such as tour-to-lease conversion, renewal rates, resident satisfaction, maintenance demands, and operating costs. Not every wellness feature will make sense for every property, and not every benefit will show up immediately in a rent comparison. The point is to make deliberate choices, understand what they are intended to achieve, and evaluate performance over time. That discipline helps teams distinguish meaningful investment from amenities that add cost without improving the experience.

■ **Why execution matters more than ever.** There is a temptation, particularly when costs are tight, to execute design in silos – treating interior design as a separate layer from architecture or operational planning. This is where value can be lost.

True human-centric design requires holistic execution. It requires a partner who understands that the experience of a property is a seamless continuum, from the moment a resident walks into the lobby to how he interacts with his own living space. It is about aligning development goals, architectural intent, and interior architecture to ensure that every dollar spent serves a dual purpose: improving the occupant's life and enhancing the asset's performance.

Our philosophy is rooted in this alignment. We aren't just selecting finishes; we are curating the environment where life happens. We believe that when you place the human experience at the center of the design process, business metrics can follow.

■ **A call to purposeful design.** As we look toward the projects shaping our communities, the question shouldn't be, "How can we design this for less?" but rather, "How can we design this to matter more?"

The properties that differentiate themselves are the ones that understand their audiences at a deep level. They prioritize spaces where people don't just live or stay, but where they can thrive. In a crowded market, that can be a competitive advantage.

Design is not just a cost center; it can be a powerful tool for lease-up, resident retention, and long-term asset value. When we choose to design with purpose, we aren't just building for today – we are helping shape the standard for tomorrow. Let's make choices that are as smart for the bottom line as they are essential for the people who will call these spaces home. ▲

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Harris

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standing people, not simply anticipating trends.

■ **Bringing human experience into the financial conversation.** Design should be considered alongside leasing strategy, operations, and long-term asset planning, rather than treated as a discretionary expense evaluated solely on initial cost.

That doesn't necessarily mean spending more. It means investing with greater intention.

Durable materials can help address maintenance demands. Flexible spaces can accommodate evolving resident needs. Art and distinctive design elements can establish a recognizable identity that supports a property's positioning.

Developers, designers, and property operators should collaborate early to understand how spaces will function over time. Which amenities are consistently used? What feedback emerges during leasing tours? What influences resident satisfaction and renewal conversations?

These observations can inform smarter design investments and future development decisions.

Design alone cannot overcome unfavorable economics or poor property management. Nor should we assume every design investment produces a measurable rental premium. But when human experience is considered alongside financial performance, we have an opportunity to create communities that serve residents and ownership more effectively.

■ **Beyond the incentive.** The next phase of multifamily competition won't be won by design alone, nor will it be solved through increasingly generous concessions. It will require a more intentional, collaborative approach among developers, architects, and designers to determine where to invest and how to create experiences that deliver lasting value.

A successful community should do more than accommodate daily life. It should support connection, comfort, and a sense of belonging while remaining practical to operate and adaptable over time.

Concessions will always have a role in leasing. But they shouldn't be the only reason someone chooses to call a community home.

Design is not simply what makes a property attractive. It is part of what makes a community work. And in an increasingly competitive market, that distinction deserves a place at the investment table. ▲

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Long

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cate its value in a competitive market.

■ **Plan for the way residents live.** As more Coloradans rent longer, an apartment has to do more than make a strong first impression on a leasing tour. It must support work, rest, storage, pets, guests and changing household needs within a limited footprint. Flexibility and functionality are not upgrades reserved for select units; they are central planning issues.

Small decisions make a meaningful difference. A flexible alcove can serve as a home office today and a nursery or workout space later. A laundry room should allow for both the appliances and room doors to operate without conflict. A balcony should be deep enough for furniture, not simply wide enough to appear on a plan. None of these moves are flashy, but each helps an apartment feel easier to live in.

Storage, integrated work surfaces and usable room proportions also give residents space to personalize their homes. Many of these improvements come from planning intelligence rather than premium materials. A few feet in the right location may create more lasting value than a finish that photographs well but will be replaced in the next renovation cycle.



An activated mail room in each Milepost 35 building puts connection where residents already are.

The same test applies to amenities. Rather than design around a broad generational label, teams can study how residents will use the property throughout the day. A room that supports remote work, informal meetings and evening gatherings delivers more value per square foot than a single-purpose space that regularly sits empty. Thoughtful flexibility can improve the resident experience without adding another item to the amenity list.

■ **Align early and stay grounded.** Successful development requires attention to market shifts, but trends should inform decisions, not drive them. Core planning elements such as site organization, circulation and unit layouts should respond first to the property, the operating model and resident needs. Finishes and amenities can evolve over time. The underlying framework is far more difficult to change once construction is complete.

The best time to establish that framework is before the project gathers momentum. When the developer, architect, interior designer, landscape architect, operator and brand team align around clear priorities, they can evaluate choices against the same purpose. That alignment helps the team respond to change without losing the project's identity. The result is not simply a community that looks current at opening, but one that remains useful, recognizable and valuable for years to come. ▲

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Yesilevsky

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scale without dedicated manufacturing capacity. We operate out of a 66,000-sf plant situated on 8.8 acres in Hudson, housed in a repurposed industrial facility originally built for tire manufacturing. Located along the Interstate 76 corridor with direct highway and rail access, the plant is positioned for efficient statewide distribution. Aligning our mission with state leadership has served as an essential operational catalyst. Earning the trust and support of statewide institutions – including the Colorado Housing and Finance Authority, as well as the Office of Economic Development and International Trade –provides valuable affirmation for our manufacturing approach. Partnering with these state entities reinforces our role as a trusted contributor to the housing landscape, helping facilitate Colorado's broader affordable and workforce housing objectives.

EcoMod is actively working to bring this model directly to Front Range communities. We are currently exploring partnerships with municipal leaders and planning to pursue townhome developments in Keenesburg and Gilcrest in the near future, demonstrating how factory precision can accelerate workforce housing delivery for local municipalities. At full operational build-out, the Hudson facility is planned to scale to 750 homes annually. Solving Colorado's housing shortfall will not happen through incremental tweaks to an outdated, weather-exposed model. By uniting the permanence of structural steel with standard highway geometry, efficient space planning, and the speed of an indoor assembly line, modular manufacturing provides a repeatable, financially sound path to building attainable housing across Colorado. ▲

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Lien

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Expanding Design Possibilities

Precast accommodates a broad range of architectural styles through custom shapes, colors, textures, formliners, exposed aggregates, thin brick, and integral finishes. Long-span structural systems reduce interior columns, providing flexibility for parking, retail, amenities, and residential layouts. Architectural and structural functions can also be combined within individual components, reducing secondary cladding and field coordination without compromising design intent.

At **Riverview Steamboat in Steamboat Springs, Colorado,** EnCon United manufactured and installed precast systems for two six-story residential buildings totaling approximately 106,000 SF. One- and two-level podiums support wood-framed residential floors, incorporating insulated wall panels, double tees, beams, columns, hollow-core plank, flat slabs, and stair and elevator shafts. Architectural wall panels feature a board-finish formliner replicating weathered wood siding. Plant and field mockups confirmed the intended appearance, delivering the desired architectural character through a durable, integral concrete finish.



Enhancing Occupant Safety and Comfort

Precast provides inherent performance advantages that improve occupant safety and comfort. Concrete's mass provides acoustical separation between residential spaces, limiting sound transmission and vibration. Precast floor and wall systems offer fire resistance, often without additional fireproofing. Structural components can also be engineered for demanding wind, snow, seismic, and other loading requirements.



At **Fort Carson's Warrior in Transition Barracks in Colorado Springs, CO,** EnCon United designed precast/prestressed systems to resist progressive collapse following localized structural damage in accordance with military requirements. The system met these specialized criteria while supporting an accelerated, 365-day design-build schedule.

Reducing Long-Term Maintenance

For owners and developers, precast's durability translates into reduced maintenance requirements, more predictable operating costs, and long-term protection of their investment. Dense, low-permeability concrete resists moisture, freeze-thaw cycles, weathering, and everyday wear. High-performance insulated wall panels support thermal efficiency, while concrete's thermal mass helps moderate indoor temperature fluctuations. Integral architectural finishes reduce repainting, repair, and replacement requirements, supporting lower lifecycle ownership costs.

Integrated Expertise for Every Development

Selecting the right precast system requires an understanding of structural performance, architectural objectives, site conditions, construction sequencing, and long-term ownership priorities. EnCon United manufactures precast/prestressed concrete in PCI-certified facilities, where controlled batching, reinforcement placement, curing, dimensional tolerances, and inspections support consistent quality.

With integrated capabilities spanning preconstruction, design, engineering, manufacturing, installation, and repair and maintenance, EnCon United works with project teams to identify, optimize, and deliver precast solutions suited to each development's requirements.

Learn more at EnConUnited.com. ▲

Albrecht

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that meet the definition of "closed construction." Closed construction means that there are construction elements such as electrical, plumbing, mechanical or insulation that cannot be seen by the local building department when they arrive on-site. BCS has regulatory compliance oversight of these structures and ensures that every construction inspection is completed before the unit leaves the factory. Then, the structure can be transported and installed on-site to complete a residential or commercial building. Working alongside local, state and federal agencies, BCS oversees many types of factory-built structures, including modular units.

Regulations for factory-built structures are informed by industry experts. BCS collaborates with a 19-member Technical Advisory Committee to recommend administrative rules governing factory-built structures and multifamily housing. The State Housing Board, working within the Division of Housing, hears recommendations from the Technical Advisory Committee and adopts regulations. Most recently, this group oversaw the implementation of Senate Bill 25-002, Regional Building Codes for Factory-Built Structures.

As part of SB 25-002, the State Housing Board adopted new administrative rules for BCS. Effective July 1, 2026, manufacturers of factory-built structures can either choose to build site-specific models tailored to a unique installation site or they can choose to build to regional design criteria so that a "stock" set of approved construction drawings can be used in multiple locations, allowing factories to achieve economies of scale.

How do we incentivize this type of factory-built construction? Colorado's Office of Economic Development and International Trade has worked to incentivize innovative housing projects through its $40 million Innovative Housing Incentive Program, and many of these are modular or closed construction projects.

OEDIT, the Colorado Housing and Finance Authority and the state's Division of Housing provide financing support to modular projects. The Division of Housing also provides incentives for innovative project delivery, such as use of modular construction by offering bonus points in scoring. All Division of Housing gap funding is awarded competitively in quarterly application cycles under this standard scoring system, so bonus points give modular projects a competitive advantage.

Since time is money and it is challenging to get housing constructed on-site at a reasonable cost, factory-built construction should be given serious consideration. There are programs in the state of Colorado that oversee the funding and development of modular and other factory-built structures. Modular units fit into all levels of affordability, depending on finishes and upgraded materials.

More detailed information can be found at https://doh.colorado.gov/modulars. ▲

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Budish

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a small scale. Seeing the completed development and the partnerships that made it possible was a reminder that investments in manufacturing capacity ultimately translate into homes for Colorado families.

More broadly, CHFA is seeing modular construction move from a niche building approach to a tool that is being incorporated across multiple housing programs and housing types. Since 2021, CHFA has supported 28 modular developments totaling more than 2,300 housing units. From 2024 through September 2026, CHFA supported modular developments representing more than 1,900 units, compared to just over 400 units in 2021 and 2022.

In addition to seeing modular used in a variety of housing types, from housing tax credit developments to for-sale homes, we're seeing it leveraged in both urban and rural communities and in developments ranging from larger multifamily communities to smaller projects tailored to local housing needs, such as accessory dwelling units and tiny home villages for the homeless.

While no single approach will solve Colorado's housing challenges, the early results in Colorado's modular housing investment are encouraging. As these investments in manufacturing capacity continue to mature, CHFA will continue working closely with developers, manufacturers, and our partners at OEDIT to support modular housing as one of many tools needed to expand housing opportunities for Coloradans, and address Colorado's need for more affordable housing. ▲

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Sohn

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and public funding. For House One, Denver's accelerated housing review process helped move permitting forward, while multiple public funding sources required separate processes and timelines.

The systems touching a modular project need to understand each other's timing. Saving months in one part of the process has less value if those months are added back elsewhere. The broader promise of industrialized construction is that the housing industry should not have to start from scratch with every new project.

If developers, architects, manufacturers, contractors, trades, lenders, insurers and public agencies can carry knowledge forward, design decisions can improve, timelines can contract, pricing can become more predictable, and risks can be identified earlier.

By capturing and sharing those lessons, the industry can build on what works rather than rediscovering it project by project. Over time, those efficiencies can lower housing production costs, allowing scarce public and philanthropic resources to go further and create opportunities to pass savings through to residents through lower rents and deeper affordability.

The industry is already adapting. Financial institutions and insurers are reconsidering their approaches; public agencies are evaluating how funding programs can better accommodate modular timelines, and manufacturers, contractors and trades are learning how to coordinate work differently.

Blue Room House One is on budget and ahead of an ambitious construction schedule. But equal to its supply and affordability goals is the value of what the industry can learn from it.

That is the role we believe an impact-first developer can play: not simply delivering housing but helping translate real-world experience into improvements across the broader housing ecosystem. A healthier housing production system can ultimately support greater housing stability, stronger communities, and better health outcomes.

Modular construction alone will not solve the housing affordability crisis. But if real-world projects generate learning, inform better systems and improve how housing is financed, designed, permitted and built, we can begin to lower the underlying cost of housing production.

That is how one modular project can help an industry learn and begin to change the system. ▲

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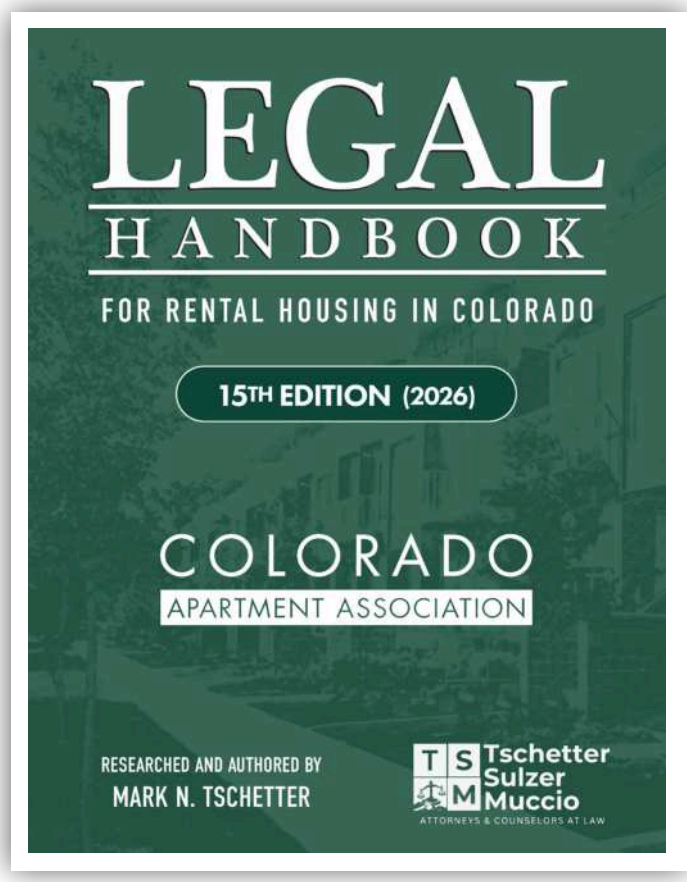
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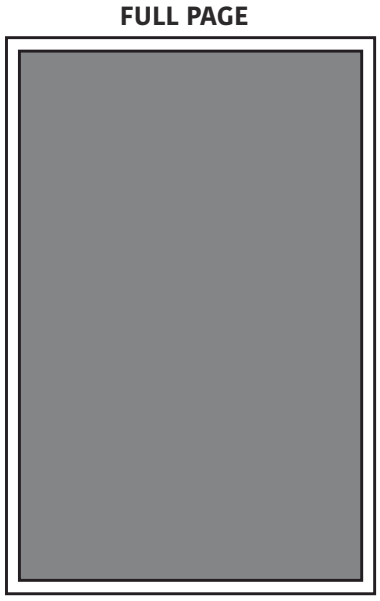
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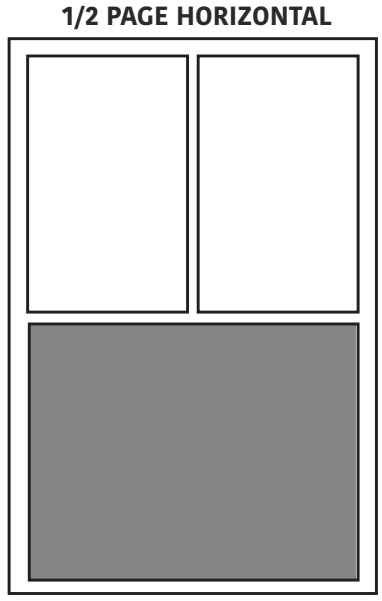
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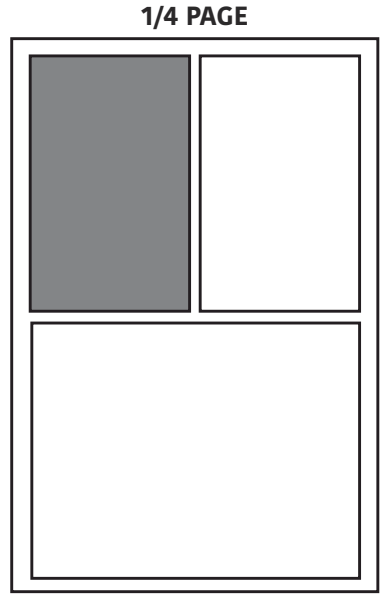
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